CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

SECOND SESSION—TWENTY-SECOND PARLIAMENT

3-4 ELIZABETH II

BEING THE 97TH SESSION FOR THE PERIOD 1867-1955

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TO THE FOURTH DAY OF MAY, 1955, INCLUSIVE

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EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1955

HOUSE OF COMMONS

Wednesday, March 23, 1955

The house met at 2.30 p.m.

RAILWAYS, CANALS AND TELEGRAPH LINES

Third report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch (Pictou).

TRADE

OIL—NOTE TO UNITED STATES CONCERNING RESTRICTIONS ON IMPORTATION

Right Hon. C. D. Howe (Minister of Trade and Commerce): I wish to table the text of a note which the Canadian ambassador in Washington delivered to the United States government on March 8 to protest against measures that have been proposed to restrict the imports of crude oil into the United States. I shall read the text of this note for the information of hon. members. It is as follows:

The Canadian government is greatly concerned about legislation being considered in the United States to restrict imports of crude oil. Legislation of this kind would have unfortunate and damaging effects to which the Canadian government wishes to draw attention. The Canadian government would be equally concerned if the objectives of this proposed legislation were to be carried out by administrative action or if the United States oil industry were to be led to believe that the policy of the administration is to discourage imports from Canada.

Resulting from the development of the oil industry in western Canada in recent years, there has been a development of refinery capacity and marketing plans in the United States to make use of the increasing availability of Canadian crude petroleum. Two refineries have already been constructed in the Pacific northwest to operate on deliveries from the Trans Mountain pipe line. A refinery is now being built in East St. Paul to make use of Saskatchewan medium gravity crudes. There is notable concentration of refinery capacity in the Detroit-Toledo area which can benefit from access to oil carried eastward by the Interprovincial Pipe Line. Reference is made to this refinery capacity already in existence because of the Canadian interest and, as we think, the interest of the United States, in making sure that nothing be done to impair the usefulness of these facilities. Both economic and strategic factors point to the desirability of increasing pipe-line and refinery capacity to enable Canadian crude to find markets in the United States. The Canadian government wishes to emphasize the importance of avoiding restrictive measures in the United States which might frustrate or prevent the continuation of these desirable developments.

Attention should be given also to the efforts in which the United States government has taken a leading part, along with the Canadian government, through the general agreement on tariffs and trade and otherwise, to promote the growth of world-wide multilateral trade on an economic basis and unhampered by restrictions. For the United States to embark upon a restrictive policy with regard to oil would be directly discouraging to these larger efforts.

From the point of view of strategic considerations, it should be borne in mind that western Canadian oil fields are internal to the North American continent. Nothing could be more discouraging to exploration for oil and development of this strategic industry in western Canada than the adoption by the United States of a restrictive import policy. It will be remembered that the United States navy on strategic grounds gave support to the construction of the Trans Mountain pipe line and for the construction of additional refining capacity in the state of Washington. If the United States government should conclude, in its best judgment, that its defence interests require that imports of crude oil from countries overseas should be limited to the proportion they bore in 1954 to domestic production, it might be difficult for anyone outside the United States to question such a conclusion. This thesis based on defence interests would certainly not be valid, however, if applied to imports from Canada. The Pacific northwest is at present served by pipe lines from Canada, the existing alternative being to transport crude to that area by tanker, whether from United States sources or from overseas. Tanker ships and ports are so much more vulnerable in wartime than overland transport that the Canadian government would be unable to understand any decision by the United States to restrict imports from Canada for reasons of defence.

On economic grounds the oil industry itself has established a pattern of development which clearly envisages an increasing use of Canadian crude oil in the north-central and western areas of the United States. The continental marketing pattern would seem to permit Canadian oil to enter these markets without impairing the interests of the United States petroleum industry, because it has been traditionally difficult and costly to move United States oil into those areas which can be supplied most efficiently from Canada. Canadian oil is equally unlikely to affect the interests of the United States coal industry in these areas.

The United States oil industry should regard Canada not merely as a competitor but also as a market as is made clear by the statistics of trade between Canada and the United States in oil and refinery products. In 1954, Canada imported in excess of $130 million worth of crude oil and refinery products from the United States and exported only about $7 million worth of crude oil and products to the United States. With the great growth of the Canadian oil industry, it is apparent that its products will be increasingly utilized in Canada if export markets are to be restricted. As far as the United States oil industry is concerned, therefore, it is very doubtful that any increased markets would be gained on a net basis by implementation of the proposed recommendations in relation to Canada. A great deal would certainly be lost in terms of continental efficiency if both countries were to develop their respective oil industries along purely national lines.

Having referred briefly to the strategic and economic interests of both Canada and the

United States in this matter, the Canadian government wishes to draw attention to a related problem based upon the trade agreements of the United States government. If it should be decided to impose restrictions upon crude oil imported into the United States, it might be concluded, as in 1951, that quotas should be allocated to supplying countries. If the recent and projected growth of the Canadian oil industry is taken into account, it is obvious that any allocation of quotas on past trade would be completely inadequate for Canada. This latter consideration leads again to the conclusion, on the part of the Canadian government, that Canada at least should be exempted from any restrictive policy which might be adopted for reason of defence.

I should go on to say that the Canadian government has been following this situation very closely. The current proposals for restrictions on United States imports of crude oil were first launched by the cabinet committee on energy supplies and resources policy, whose report was made public in Washington on Saturday, February 26. The committee suggested that imports should be restricted voluntarily by the United States industry, for patriotic reasons. The legislation which is being considered in congress would give the proposed restrictions a statutory basis. Either method would be damaging to our Canadian interests.

I find it difficult, if not impossible, to believe that the United States will adopt a policy of limiting imports of Canadian crude oil for defence reasons, or any other reasons. In the Pacific northwest region of the United States, for example, the Americans are as aware as we are of the importance and urgency, for economic and defence reasons, of tying on to Canadian sources of supply. This is in their own interests.

After the outbreak of war in Korea, a concerted effort was made by the United States and Canadian governments to maintain a high level of exploration and development in the Canadian west. As recently as two years ago, the United States petroleum administration for defence was still urging the Canadian petroleum industry to strive for new goals in exploratory drilling. It was also recommending priority treatment in the allocation of steel and other scarce materials for the establishment of new transmission and oil refining facilities. The Canadian and United States governments cooperated in the pursuit of these objectives and succeeded in diverting to western Canada large quantities of the drill pipe and other equipment necessary to carry out this program.

Against this background, I was perturbed to hear that the president of the Socony-Vacuum Oil Company had testified before the Senate finance committee in Washington that his company would voluntarily reduce crude oil purchased for its Ferndale refinery from Canada.

I got in touch immediately with Mr. Brewster B. Jennings, president, Socony-Vacuum Oil Company Inc., and just before coming into the house I received the following telegram from him:

Understand my statement before Senate finance committee March 18 has been interpreted as indicating reduction importation Canadian crude oil for our refinery at Ferndale, Washington. Such an interpretation quite erroneous. We plan no change in Ferndale crude supply and shall accomplish all of reduction mentioned east of the Rockies from sources other than Canada. Copy of my statement before committee being mailed you today. Kindest personal regards.

This is signed by B. B. Jennings, president of the Socony-Vacuum Oil Company.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I am sure all hon. members in the house will recognize this as a very important matter. Any proposal on the part of the United States to impose the type of restrictions contemplated on the importation of Canadian crude oil into the United States is bound to be deeply deplored in Canada, and protests of this kind—vigorous protests—are bound to earn the approval of all hon. members in the house.

Actions of this kind could not be more unhappily timed than at present. Just after agreements have been entered into to extend, perhaps in limited form, the general agreements on tariffs and trade, proposals of this kind from Washington are bound to shake very deeply the confidence this country and others may have in the future of their trading relations with the United States.

I think I might say that this is the type of matter to which hon. members in this house will hope the government will apply continued and vigorous protests. We hope the minister will be able to give some report to the house soon on replies from the Washington government indicating that these protests have been successful in warding off this proposed action on the part of the United States.

[*Later:*]

Mr. E. D. Fulton (Kamloops): May I ask the Minister of Trade and Commerce a question arising out of the statement he has just made, having reference especially to the position which would confront the operations of the Trans Mountain pipe line if the policy under consideration in the United States were implemented. Perhaps I may be permitted to say that I am not quite able to follow the implications of the situation, in the light of the telegram received by the minister from

the president of the Socony-Vacuum company. If the policy under consideration there were to be implemented, would there in fact be a substantial reduction of the present volume of oil being put through that line? If so, does the minister have any information available as to approximately what percentage and what the amount would be in dollar value?

Mr. Howe (Port Arthur): The Daw-Jones ticker put out a message yesterday which was copied in the newspaper. The hon. member will find it in this morning's *Gazette*. It indicated a sharp reduction in the deliveries to the refinery in the state of Washington through the Trans Mountain pipe line. However, the telegram that I have just read from the president of Socony-Vacuum states that he was misquoted; that the voluntary reduction that he was proposing to the Senate committee would take place in countries on the eastern seaboard, and that the take from the Trans Mountain pipe line would not be affected.

Mr. Fulton: If this policy were to be implemented in the United States, would he then be forced to curtail the importations from the Trans Mountain line?

Mr. Howe (Port Arthur): I do not know that they would pick out a particular pipe line. There is certain legislation before congress, and a certain program has been announced by the executive. Whether either of them would affect the situation of the Trans Mountain pipe line, I would not care to say. Not being a shareholder, I am not very much concerned.

Hon. George A. Drew (Leader of the Opposition): I should like to direct a supplementary question in relation to the subject which has been raised and which is of such vital importance. Will the Minister of Trade and Commerce give consideration to the possibility of pointing out to the government of the United States, in addition to the specific subjects already mentioned, the possible effect on confidence in the investment of funds from the United States in Canada if any policy were followed not only in relation to oil but in other products, whereby under voluntary arrangements restrictions were imposed that would be just as effective as if there were actually barriers between the two countries?

Mr. Howe (Port Arthur): Mr. Speaker, the Leader of the Opposition has put forward a good suggestion. I thought we had covered almost every reason why the threatened action should not be taken, but I shall be very glad to suggest to our ambassador that he keep this suggestion in mind as well.

[*Later:*]

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask a supplementary question of the Minister of Trade and Commerce. In view of the serious representations which he has made to the United States government, may I ask him whether any representations were made to his department on this subject matter by United States oil companies, Canadian oil companies or the oil workers' union of Canada? If so, which of these three organizations made representations?

Mr. Howe (Port Arthur): To the best of my knowledge the department has been proceeding entirely on its own initiative. No representations have been made to me personally from any source. I would have to have a search of the department made to know whether representations were made to the department.

Mr. M. J. Coldwell (Rosetown-Biggar): Do I understand the minister to say that representations were made on March 16? This is March 23 and I should like to know if he received any word since then as to how those representations were received.

Mr. Howe (Port Arthur): I have not the documents before me, as I gave them to the *Hansard* reporter. I think representations were made somewhat earlier than March 16 but no official reply has been received.

Mr. Fleming: With reference to the question just asked by the hon. member for Rosetown-Biggar (Mr. Coldwell), the minister in his statement did say that it was on March 16 that the Canadian ambassador had made these representations or had submitted his note to the United States authorities. In the copy of the aide-mémoire which I have now seen it is indicated that it was presented by the Canadian ambassador to the state department of the United States government on March 8, 1955. Is the minister in a position to say anything further about the response?

Mr. Howe (Port Arthur): I think that is correct; I think it was presented on March 8 and my memory perhaps was at fault in giving the later date. There has been no formal reply to the note. My hon. friend will appreciate that the matter is being discussed in a committee of the United States Senate and we would hardly expect to get an early reply under those circumstances.

FREIGHT RATES

REPORT OF ROYAL COMMISSION ON EFFECTS OF AGREED CHARGES

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I wish to table copies in English and in French of the report of the royal commission appointed to conduct an inquiry into the application and effects of agreed charges as authorized under part IV of the Transport Act. Copies of this report, which I do not doubt will be of great interest to all who are concerned in railway rates, have been made available for distribution.

I should like to take the opportunity to express the thanks of the government to Hon. W. F. A. Turgeon and to his advisory and secretarial staff. The long experience he had in the field of transportation as chairman of the royal commission on transportation eminently fitted Mr. Turgeon for this further task, and the government feels a particular sense of gratitude to him in that though fully occupied by his important duties as Canadian ambassador to Ireland he consented, at great personal inconvenience, to undertake the inquiry.

Mr. Green: May I ask the Minister of Transport whether it is expected there will be legislation arising out of this report at the present session.

Mr. Marler: I might say that matter is under consideration at the present time.

Mr. Hamilton (York West): Were the contents of this report made available to the press before the tabling in the house?

Mr. Marler: Copies were handed to the press this morning at eleven o'clock in order to facilitate their making the report public this afternoon.

QUESTIONS

TRANS-CANADA PIPE LINES—FINANCING

Mr. Knowles:

1. What proportion of the capital necessary to build its all-Canadian gas pipe line does Trans-Canada Pipe Lines Limited propose to raise (a) by the sale of shares of common stock; (b) by the sale of shares of preferred stock; (c) by the sale of bonds?
2. Is Trans-Canada Pipe Lines Limited now contending that it cannot build its gas pipe line without a government guarantee of its bonds?
3. If so, what other ways of building such an all-Canadian gas pipe line are being considered by the government?

Mr. Benidickson:

1. No information.
2. No.
3. Not applicable.

[Mr. Howe (Port Arthur).]

C.N.R. VICE PRESIDENTS

Mr. Stanton:

1. How many vice presidents are in the Canadian National Railways, (a) as of this date; (b) on the 1st of January, in each of the years 1945 to 1954 inclusive?
2. What is the name, and date of appointment of each of the present incumbents?
3. What are the total salaries of the combined vice presidents?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

1. (a) 10; (b) January 1, 1945, 8; January 1, 1946, 9; January 1, 1947, 11; January 1, 1948, 11; January 1, 1949, 11; January 1, 1950, 12; January 1, 1951, 13; January 1, 1952, 13; January 1, 1953, 11; January 1, 1954, 10.

2.

Headquarters

S. W. Fairweather, June 18, 1943; M. A. Metcalf, Jan. 1, 1947; E. A. Bromley, Aug. 1, 1948; N. J. MacMillan, Sept. 1, 1949; S. F. Dingle, Feb. 1, 1950; W. H. Hobbs, Feb. 15, 1950.

Western region

J. R. McMillan, Oct. 1, 1950.

Central region

W. H. Kyle, Mar. 1, 1953.

Grand Trunk Western Railway

S. J. Massey, Apr. 1, 1953.

Atlantic region

R. Hayes, July 1, 1954.

3. It is not the practice of the company to make public information pertaining to the salary arrangements with its officers.

TRANS-CANADA PIPE LINES—GUARANTEE OF BONDS

Mr. Knowles:

1. Has Trans-Canada Pipe Lines Limited made application to the federal government for a guarantee of its bonds in connection with the financing of the said company's gas pipe line?
2. If so, what is the dollar value of the bonds for which such guarantee is sought?
3. Has the said company asked that such guarantee cover (a) principal; (b) interest?
4. If such an application has been made to the government, has the government considered it?
5. If so, what is the result of such consideration?
6. If government underwriting of the project is being regarded as necessary, is the government giving consideration to the desirability of the proposed all-Canadian pipe line being government owned?

Mr. Benidickson:

1. Yes.
2. $275 million.
3. The request was that the guarantee take the form of a payment to make up any

deficiency required to pay interest and sinking fund until, for two consecutive years, the earnings of the company had equalled or exceeded one and one-half times the interest requirements after providing for depreciation and income tax.

4. Yes.

5. The government advised the company it could not agree to the proposal.

6. Not applicable.

DEFENCE PRODUCTION—CLOTH PURCHASED

Mr. Zaplitny:

1. During the fiscal year 1953-54 did the Department of Defence Production purchase cloth from the following companies: (a) Verney Corporation of Canada, Ltd., Montreal; (b) Montreal Cottons, Ltd., Valleyfield, Quebec?
2. If so, what was the quantity and grade of cloth so purchased in each case?
3. What was the total amount paid to each of the companies, noted above, for such cloth?
4. What was the per unit price paid to each company?

Mr. Dickey:

1. (a) No. (b) Yes—2 contracts.

2. (i) 131,335 yards of cloth cotton drill 8·5 oz. in accordance with Department of National Defence specification and sealed sample; (ii) 62,000 yards of cloth cotton twill 4·2 oz. in accordance with Department of National Defence specification and sealed sample.

3. (i) $81,428.20; (ii) $26,970.01; total $108-398.21.

4. (i) $0.62 per yard, sales tax exempt delivered to Montreal, P.Q.; (ii) $0.435 per yard, sales tax exempt delivered to Montreal, P.Q.

INCOME TAX—QUARTERLY PAYMENTS

Mr. Knowles:

1. In each of the last three years for which records are available, how many income taxpayers required by law to make quarterly payments during the year had failed to do so?
2. What steps does the government take to inform such taxpayers that such quarterly payments have to be made?

Mr. McCann:

1. Information not available.

2. Form T7B Individuals is made available by the taxation division to persons required to make quarterly instalment payments of individual income tax.

Where a taxpayer has failed either to pay instalments of tax when due or in the proper amounts and, for such deficiency in respect thereof is charged interest, form T1218 is mailed to the taxpayer. This latter form directs attention to the requirement to pay instalments of tax and advises the taxpayer to use form T7B in the future. A copy of form T7B is supplied to the taxpayer concurrently with each form T1218 mailed.

C.N.R. SECTION CREWS—LAY-OFFS

Mr. Hodgson:

How many maintenance of way employees of the Canadian National Railways will be laid off on account of the recent change in section crews?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

Section crew requirements vary from time to time and it is not possible to answer the question in the form in which it is asked.

BUREAU OF STATISTICS UNEMPLOYMENT FIGURES

Mr. Knowles:

1. How are the monthly unemployment figures of the dominion bureau of statistics obtained?
2. How many persons are engaged as canvassers in connection with any surveying or sampling done for the purpose of obtaining such figures?
3. What are the qualifications of the persons doing any such canvassing?
4. In what ways is such canvassing done?
5. How many persons are canvassed or surveyed each month in connection with the obtaining of such dominion bureau of statistics unemployment figures?

Mr. Dickey:

1. The estimates of labour force characteristics which are published by the dominion bureau of statistics are based on information collected from a sample of households in Canada. The samples of areas in each of the ten provinces are designed so that each area has a known chance of selection which is dependent on the size of its population. From this survey an estimate can be prepared, within a known degree of accuracy, of what a complete census of Canada would show.

The design of the labour force sample recognizes a basic division between the very large urban centres and those areas which are predominantly rural.

Within each of the large urban centres, areas, with differing potential for development, are sampled separately. The samples consist of a number of blocks where the chance of selection of any one block is dependent upon the number of dwellings within it.

In the predominantly rural areas of each province, municipalities or groups of contiguous municipalities form the sampling units. The objective in the formation of these units, which contain on an average 15,000 persons, is that in each unit the distribution of farm households, urban households, and the type of industry should be similar to the provincial distributions. The practical impossibility of obtaining such comparability necessitates the grouping of these

units into different classes or strata such that all units within a stratum have basic similarities though they may differ from stratum to stratum. The selection of the sample in the rural areas is made in successive stages. From each stratum one unit is selected on the basis of its population size and within each selected unit a sample of census subdistricts is chosen. The next stage is the selection of a sample of groups or clusters of households within the chosen subdistricts while the final stage is the selection of a sample of households within the chosen clusters. At each stage, the relative size of the population provides a measure of the chance of selection.

At present the sample for the labour force survey comprises 76 rural units and 40 large urban centres. In these areas the labour force data for the members of over 30,000 households are collected by a staff of interviewers. These interviewers are trained and supervised by members of the full-time field staff of the dominion bureau of statistics.

The basic principle in estimating totals from the labour force survey is to determine from each provincial sample the proportion of persons, classified by age and sex, who have specific labour force characteristics. These proportions, when applied to independent estimates of the provincial populations, provide estimates of the aggregate numbers in each labour force category.

2. 586 enumerators in February, 1955.

3. The government employment services are asked to submit a list of persons of reasonable education and presentable appearance. They are then interviewed by the field representative, who explains the duties to them. According to their comprehension of the work and their ability to conduct such interviews in accordance with instructions, they are employed.

4. The enumerator interviews a responsible member of each household of the predetermined group of households using a form which specifies the questions to be answered.

5. Approximately 80,000 in February, 1955.

SALES TAX APPEALS—MACHINERY AND APPARATUS

Mr. Knowles:

1. Is the opinion of the Minister of National Revenue as to when machinery and apparatus are to be considered as used directly in the process of manufacture for sales tax purposes subject to appeal?
2. If so, what body hears such appeals?
3. If not, is consideration being given to the tariff board being granted such authority, or to the setting up of a sales tax appeal board to deal with questions of this nature as well as other questions relating to the administration of the sales tax?
4. What is the ministerial definition as to when machinery and apparatus are considered as used directly in the process of manufacture for sales tax purposes?
5. What is the basis for this definition? Is it under review?

[Mr. Dickey.]

Mr. McCann:

1. No.

2. Answered by No. 1 above.

3. No. Section 57 of the Excise Tax Act already makes provision for appeals to the tariff board on certain questions.

4. It is thought that the words of the statute are clear, viz., that the machinery or apparatus must be used directly in the process of manufacture or production of goods.

5. The statute. No.

MISSION CITY, B.C., POST OFFICE

Mr. Patterson:

1. How many tenders were submitted for the remodelling and extension of the post office at Mission City, British Columbia?
2. By whom were these tenders submitted?
3. What was the amount of each tender?

Mr. Bourget:

1. Four.

2 and 3. C. J. Oliver, Ltd., Vancouver, B.C., $91,641; Sorenson Construction Co., Ltd., Vancouver, B.C., $107,475; Commonwealth Construction Ltd., Vancouver, B.C., $111,311; Stange Construction Ltd., Vancouver, B.C., $111,789.

CANADIAN NATIONAL RAILWAYS—R. F. WELCH LIMITED

Mr. Knowles:

1. Has the Minister of Labour been asked to establish an inquiry commission for the purpose of inquiring into the relations between the Canadian National Railways and the R. F. Welch company, with particular reference to the by-passing of a collective agreement between the Canadian National Railways and the brotherhood of maintenance of way employees?
2. Has it been decided to establish such an inquiry commission?
3. If not, is such request being considered?

Mr. Gregg:

1. Yes.
2. No.
3. No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

COAL MOVEMENTS, DUTIES AND DRAWBACKS

Mr. Johnston (Bow River):

1. (a) What was the amount of money received from the import duty on United States' coal, (i) anthracite; (ii) bituminous, coming into Canada? (b) How much of this was returned in the form of a drawback?
2. (a) How much coal was shipped from Alberta to (i) Canadian markets; (ii) United States' markets, upon which a subsidy was paid? (b)

What was the amount of money paid in each case, and what was the amount of money paid as a drawback in each case?

3. (a) How much coal was shipped from the Crowsnest pass, British Columbia, to (i) Canadian markets; (ii) United States' markets, upon which a subsidy was paid? (b) What was the amount of money paid as a subsidy in each case?

Mr. Prudham: Mr. Speaker, I have spoken to the hon. member and my understanding is that he agrees to some changes; first, that the information requested be limited to the calendar year 1954.

In the third part of the question it is agreed that the name "British Columbia" be dropped and the word "area" be substituted therefor.

As the first part of the question relates to information that will have to come from the Department of National Revenue, I would request that this be made an order for return.

Mr. Speaker: Is the question as amended agreed to?

Some hon. Members: Agreed.

Mr. Speaker: Order for return.

GOVERNMENT BUILDINGS, ONTARIO—USE OF NOVA SCOTIA COAL

Mr. Balcom:

How many tons of Nova Scotia coal have been purchased for use of government buildings in Ontario during: (a) 1952; (b) 1953; (c) 1954?

BLUEBERRIES—CONFERENCE WITH QUEBEC

Mr. Gauthier (Lake St. John):

1. Has the federal government ever held a conference with the government of the province of Quebec for the purpose of (a) determining the respective jurisdictions of the federal government and of the province over the picking, marketing and processing of blueberries; (b) regulating the inspection, freezing, conservation and storage of blueberries, within the limits of federal responsibility; (c) establishing a policy of price support with respect to blueberries, for protecting the exportation thereof?

2. If not, is the federal government considering the advisability of meeting the provincial authorities in order to study the above-mentioned question?

MOTION FOR PAPERS

TELEVISION STATION, JONQUIERE, QUE.

Mr. Girard:

For a copy of all telegrams, letters, memoranda and other communications in the possession of the Department of Transport, relating to the application for a television station at Jonquiere.

(Translation):

Mr. Marler: I have no objection to this motion, as long as it is understood that privileged documents and letters shall not be produced.

(Text):

Mr. Speaker: The motion is carried with the reservation made by the minister.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

CHAPUT CASE—QUESTION OF FEDERAL INTERVENTION

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I should like to direct a question to the Minister of Justice. I am sorry I have not given him notice. Has the government received notice that the Chaput case will be heard at the next session of the supreme court? If so, does the federal government intend to intervene in this case as it did in the Alberta press act case to defend the basic and fundamental right of Canadian citizenship to enjoy freedom of worship, assembly, speech and person?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, we are aware that the Chaput case will be heard at the next sitting of the Supreme Court of Canada. But since my hon. friend has given me no notice of his question, and I am under the impression that in the Chaput case we have received a notice from the supreme court itself, I should like to make a statement tomorrow covering this point.

POST OFFICE DEPARTMENT

MAIL COURIERS—WITHDRAWAL OF CERTAIN TRAINS IN NOVA SCOTIA

On the orders of the day:

Mr. H. B. McCulloch (Pictou): I should like to direct a question to the Acting Postmaster General or his parliamentary assistant, arising out of the recent withdrawal of certain scheduled trains in Nova Scotia. Will the minister give consideration to the position of mail couriers where contract rates paid are related to the frequency of train service with a view to avoiding reductions in rates during the term of the contract because of the withdrawal of trains?

Hon. J. W. Pickersgill (Acting Postmaster General): Mr. Speaker, if I caught the hon. member's question correctly it has to do with the reduction in the schedules of trains carrying mails in certain parts of Nova Scotia. This matter is already being considered by the department, and every endeavour will be made to work out arrangements which will be fair to the rural mail couriers.

DELAY IN DELIVERY OF LETTER TO UNITED KINGDOM

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I should like to direct a question to the Postmaster General or, in his absence, to the parliamentary assistant. Should it take 25 days for a

letter from Ontario to reach the United Kingdom? I have had complaints from the United Kingdom in regard to this matter, and I wonder why there should be this delay.

Mr. T. A. M. Kirk (Parliamentary Assistant to the Postmaster General): Will the hon. gentleman be kind enough to produce the cover to see whether or not the letter was mailed on the day it was supposed to have been mailed.

Mr. Fraser (Peterborough): It was mailed on February 8 and delivered there on March 5.

Mr. Kirk (Shelburne-Yarmouth-Clare): Will the hon. gentleman be kind enough to let me have the cover so that the department can look into the matter.

AIRPORTS

MALTON—INQUIRY AS TO EXTENT OF FIRE DAMAGE

On the orders of the day:

Mr. John Pallett (Peel): Mr. Speaker, I should like to ask the Minister of Defence Production if he has any information that he can give to the house today as to the cause and the effect of the fire which took place yesterday at Malton?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, I have not received a detailed report on the results of the fire. I do not know what was the cause of the fire. We lost four aircraft, a considerable amount of test equipment and a hangar. However I am told that the loss will not delay the new program in hand, although it will delay some adjusting work on planes presently being produced.

Mr. D. S. Harkness (Calgary North): I should like to ask the Minister of Defence Production a supplementary question. Were any of the planes that were lost the property of the crown in the right of Canada or had they been secured with funds advanced by the government to A. V. Roe Canada Limited?

Mr. Howe (Port Arthur): I may say that the planes belonged to the crown. Certain of the test equipment was also the property of the crown and other of the test equipment was the property of Avro. The Avro equipment was insured, but the crown property, following the normal practice, was not insured. I had a quick estimate made of whether the department would have been ahead had we made a practice of insuring crown property and I find that that would not have been the case, that we have saved a great deal of money through the policy of government carrying its own insurance on its own property.

[Mr. Fraser (Peterborough).]

Mr. Harkness: Did the government adopt any fire protection methods to safeguard that equipment when it was not insured?

Mr. Howe (Port Arthur): We take all reasonable precautions. That fact may be the reason why this is the first serious fire we have had in the history of the department. I suggest that in the end lightning strikes almost everywhere.

Mr. John B. Hamilton (York West): Mr. Speaker, I should like to ask the Minister of Defence Production a supplementary question arising out of the question asked by the hon. member for Peel (Mr. Pallett). Can the minister inform the house if the fire damage at Malton will have any effect upon the employment situation at the A. V. Roe plant?

Mr. Howe (Port Arthur): The A. V. Roe company is a privately-owned company which has its own employment program. So far as I am aware the fire should have no serious impact on employment at that plant.

CANADIAN NATIONAL RAILWAYS

INQUIRY COMMISSION INTO RELATIONS WITH R. F. WELCH LIMITED

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour arising out of the answer he gave today to a question of mine on the order paper? Can he indicate why the request for an inquiry commission to inquire into the relations between the Canadian National Railways and the R. F. Welch company is not being considered?

Hon. Milton F. Gregg (Minister of Labour): The reason the request has not been favourably considered is that my department feels the complaints made in that request are not such as could properly be handled under the federal Industrial Relations and Disputes Investigation Act.

Mr. Knowles: Has the minister suggested at any time to those who made the request any alternative way of dealing with the matter?

Mr. Gregg: Yes, but it would take me too long to go into it at this particular time.

CANADIAN BROADCASTING CORPORATION

TELEVISION PROGRAM "SCOPE"—REFERENCE TO PRODUCT

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I should like to ask the Minister of National Revenue if he has

received any protests over the C.B.C. television program "Scope" on Sunday last which associated the product Habitant pea soup with French Canadians in a most unfortunate manner?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, no protests have been made to me personally, but I shall inquire from the officers of the Canadian Broadcasting Corporation as to whether any have been made to them.

SUPPLY

The house resumed, from Tuesday, March 22, consideration of the motion of Mr. Harris for committee of supply, and the amendment thereto of Mrs. Fairclough, and the amendment to the amendment of Mr. Regier.

UNEMPLOYMENT

Mr. R. R. Knight (Saskatoon): Mr. Speaker, when I moved the adjournment of the debate last night I was dealing with the subject of unemployment. The fact that there is one more point which I wish to cover must be my excuse for continuing the debate a few minutes longer. Before I go on perhaps I might recapitulate the points I had made already.

First, I had said that it was a disgraceful situation that in a country such as this we should have an unemployment situation at all. Second, I had said that the government admitted there was a state of unemployment and assumed some responsibility for it but they had done nothing about it. Third, I said that times of periodic employment were inherent under our present economic system, but I contended that even though one recognizes this the government should do something to provide a solution and should offer a long-term plan of public investment to counteract it.

I warned the government too that the unpopularity of the Conservative party in my own province of Saskatchewan during the last number of years has been due, at least in part, to the bungling of the last Conservative federal regime in regard to unemployment. It seems to me that people of my province have never forgotten or forgiven that, rightly or wrongly. I did wish to make the point that I am warning this government that in the event of similar bungling they might encounter the same political fate.

If this government is dilatory in dealing with the unemployment situation, I point out there are other governments which are not dilatory in that regard. I am thinking of the British people, for whom I have the greatest admiration. They are people who do not appear to be influenced by whether in doing the thing they do they are making concessions to certain "isms" of one sort and another, but who tackle a problem when it arises and do the thing which they ought to do.

Purely by accident I have picked up this little paper called the *Ulster Commentary*, which is put out by the government of the part of Ireland in which I was born. I would suggest that my Conservative friends to the right might read it with some profit, because while it is a Conservative government it is a government to which the title "Progressive Conservative" might be suitably applied.

Owing to the shortness of my time I shall not quote from it, but I shall tell you one or two of the things that are being done. The government is in the process of building 47 factories. Our problems here are somewhat different, but over there they depend upon their manufactures for export. Further, legislation will be introduced to extend the powers for dealing with slum property and the improvement of housing to provide additional facilities for prospective home owners.

Another thing that government is doing that comes close to my own heart is that it has built 76 new schools, among other things. They have even gone so far in relation to the textile industry about which all of us are concerned and have actually launched an educational program among 12,000 young textile workers. The *Ulster Commentary* states:

> A good proportion of young men who have had a sound practical education must be attracted to the trade if it is to maintain the essential high degree of skill and efficiency.

That is a statement issued by the committee appointed by the ministers of education and commerce.

I wish this government would take its policies from the needs and necessities of the day and the needs and necessities of the unemployed. One might suspect that sometimes this government takes its policies not from the needs of the day but from the advertisements of United States and Canadian private industry which extol the benefits of free enterprise and deplore taking any measures which might be said to smack of socialism. Indeed, I have been wondering if this government, like some of its friends, does not actually welcome a certain amount of unemployment in this country. I read an interesting statement in a financial paper the other day and although I do not have the paper here it said, and I certainly recall reading it, that a certain amount of unemployment is a good thing in our economy. Well, sir, I do not know what your opinion is, but I cannot conceive of any man in his right mind making a statement of that sort.

Unemployment

In the few minutes left at my disposal I wish to make another point and that is the apparent assertion on the part of this government that the provinces are not too anxious concerning whether or not the subject of unemployment is included in the agenda of any future dominion-provincial conference.

We in this group have pressed upon the government the need for such an inclusion in the agenda. We have been met with that characteristic shrugging of shoulders and the shaking of the head. The Prime Minister (Mr. St. Laurent) has gone so far as to say he has no doubt that someone will raise the point and it will be discussed. But the assumption, as I have gathered it from government statements, is that no province in particular has been very interested in the matter. Rather, we have been told that the provinces and municipalities have a good deal of responsibility in this unemployment. I am certain the provinces and municipalities will do what they can but this is quite a contradiction of the original statement made by the government which led us to believe from away back between 1940 and 1945 the government definitely assumed responsibility in regard to the employment of employable unemployed.

I know that my time is short and I must hurry along. As to the suggestion that it is only a matter of probability that any province would want to have the matter of unemployment discussed, I would like to read from clippings from my home paper, the *Star-Phœnix,* which I have gathered in the last few days. While I cannot quote at any length I shall read the headlines of articles on this subject.

The first headline reads:

Premier Douglas again—

—and I emphasize "again"—

Premier Douglas again asks St. Laurent to call federal-provincial conference on farm costs, unemployment problems.

The next headline appeared in the March 10, 1955, issue of the paper and it reads:

Douglas urges St. Laurent call meet on unemployment.

I think, Mr. Speaker, I have time to quote from this next article:

The Saskatchewan provincial federation of labour, T.L.C., and the Saskatchewan federation of labour, C.C.L., have forwarded to me—

—that is, to Premier Douglas—

—a joint brief urging the calling of a federal-provincial conference to deal with the problems arising out of increasing unemployment.

This request is in keeping with a suggestion which I have made several times that a federal-provincial conference be convened for the purpose of implementing and co-ordinating a public investment program throughout Canada and particularly in those areas adversely affected by unemployment.

[Mr. Knight.]

Now, as to the province's own suggestion that the federal government meet in order that the province might take action, he continues:

This year the government of Saskatchewan will undertake the largest capital expenditure in its history with a view to stimulating construction and providing as much employment as possible. A number of our municipalities are also undertaking heavy capital commitments designed to provide increased employment opportunities.

However, there is a limit to the amount of money which provincial and municipal governments can borrow for the purpose of financing public projects.

Then, to clinch the matter, I have this further article the headline of which reads:

Province has been asking for talks on unemployment since 1949, Douglas avers.

And in a statement which Premier Douglas issued to the press he says:

As far back as July 15, 1949, I wrote Prime Minister St. Laurent requesting a federal-provincial conference to discuss responsibility for able-bodied unemployed. On September 22, 1949, I repeated this request and in August, 1950, I submitted to the Prime Minister a proposed agenda for the federal-provincial conference covering such questions as unemployment and national health insurance.

That is the only point which I shall have time to make. I simply wish to say that any suggestion that the premiers of the provinces are not anxious to have the subject of unemployment raised or included in the agenda of any future dominion-provincial conference is totally and completely false.

In taking my seat I wish to urge once again that this government take some immediate action and at the same time work out some long-term arrangement which, despite the difficulties with which our economic structure is afflicted, might at least stave off unemployment for a period of years and provide the comfort of assurance of work for the working people of this country.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I propose to make my intervention in this debate as brief as possible. Of course, I hope hon. members will not become too optimistic, because brevity to one person might not be brevity to another. However, what I have to say will be in the way of emphasis rather than information because it appears to me that the situation has been covered thoroughly. Figures have been quoted, and even although there is a wide difference in those figures, it has been brought to our attention clearly that there is a serious problem existing with regard to our employment situation. Not only that, but we have been reminded that the number of our employed does not make too much difference; the difficulty lies in the fact that there are

some who are unable to find employment and to provide for the needs of their families.

Recriminations have been hurled against past and present governments for failure to take measures that would promote full employment. Various fields have been crossed and crisscrossed in an attempt to discover the factors contributing to the situation existing today. Discussions have tried to establish the nature of our problem, as to whether it is regional, frictional or what-not. It would therefore appear that practically every angle of the problem has been discussed during the debate.

I do not think that the government can say that no solutions have been suggested by the members of the opposition. I think it was implied, at least on one occasion yesterday, that the opposition members have not as yet submitted any proposals designed to meet the situation. Many proposals have been advanced. Some have been perhaps conventional and orthodox while others may appear to be somewhat unorthodox. On March 2, suggestions were made by the hon. member for Bow River (Mr. Johnston) with respect to this matter and they were further emphasized by the hon. member for Acadia (Mr. Quelch). On March 15 and 16 the hon. member for Lethbridge (Mr. Blackmore) outlined monetary reforms or, should I say, methods of financing which in the past have been used to good advantage in times of emergency, and he suggested that those measures that were used to finance war could be used to finance peace.

As all hon. members know, I am a comparative newcomer in the house, and I should like to hear some responsible member of the government give his views with respect to the procedures outlined by the hon. member for Lethbridge, or, in other words, the suggestions that have been made by this group time and time again in the past with regard to financing. I know there have been those across the way who have hurled taunts at this side. There are those who have been critical. But since I have come into the house we have not heard any responsible member of the government give his views with respect to those suggestions and proposals that have been made. We are facing a crisis. I think even the government acknowledges the fact that we are facing a crisis. We must therefore consider every proposal which promises a solution to the problem.

A number of members have referred to the dominion-provincial conference on reconstruction that was held several years ago. I understand that at that time the dominion government proposed to accept full responsibility for assistance to able-bodied unemployed persons. The suggestion or the charge has been made that, up to the present time, the government has not seen fit to implement that proposal. On the contrary, I think the government have rejected and have refused to fulfil that proposal which they made back at that conference.

The premier of British Columbia made an appeal for assistance for the unemployed employables but we all remember how that request was rejected and how the implication, if not the plain statement, was made that the federal government did not accept responsibility and that the provincial government had not proved that it was unable to solve the problem and to meet the financial responsibilities involved.

On February 25, as reported at page 1501 of *Hansard*, the hon. member for Broadview (Mr. Hees) directed a question to the Prime Minister (Mr. St. Laurent) with respect to the matter. He asked if the premier of British Columbia had made a request that a dominion-provincial conference be called to deal with unemployment. The reply of the Prime Minister on that occasion was that the premier of British Columbia wrote on July 14 with respect to this problem and stated:

> The wisdom of holding a federal-provincial conference may commend itself to you.

The Prime Minister went on to say that he could not construe that letter as being a request. I would suggest that the question was there and the request was involved; it was included. But yet on that occasion, as we know, the request was not acceded to.

As to the unemployed employables, the British Columbia government responded to the challenge presented by the failure of the federal government to assume their responsibilities in this respect and agreed to an 80-20 split with regard to the expenses involved. This was done in spite of the fact that the British Columbia government in the past and up to the present has been receiving rather shabby treatment from the federal government in some respects. We all recognize, of course, the fact that the federal government have the major source of revenue in the various provinces, and we expect them at least to assume the responsibilities that are rightfully theirs.

In this connection I could refer to various matters, but I am not going to do so at any length. However, I feel that these matters are closely allied to the problem of unemployment. May I refer to some of the treatment that has been handed out to the province of British Columbia by the federal government. For instance, may I refer to the

percentage of defence contracts awarded to British Columbia firms by the federal government. Of a total exceeding $300 million of defence contracts in the 12-month period ended November 30, 1954, approximately $15,500,000 was awarded to British Columbia. British Columbia contributes more than 9 per cent of the total income taxes paid to Ottawa, yet we are receiving less than 5 per cent of the defence contracts.

Not only is there the matter of defence contracts. The hon. member for Comox-Alberni (Mr. Barnett) some time ago asked a question with regard to the prefabricated houses that were being used at Comox in the project that was being erected there. He referred to the fact—or at least it was brought out in the reply—that these houses were being supplied by an outside firm and were being shipped from New Liskeard, I believe the place was. That means they were being shipped right from New Liskeard, Ontario, through to British Columbia and across to Vancouver island for use in the defence project there. I should like to ask why these prefab houses could not be supplied by firms in British Columbia? I want to refer to a statement by the manager of the British Columbia division of Canadian Manufacturers Association:

> We are very appreciative of the care with which the provincial government insists upon local products and local technical assistance in connection with governmental projects.

I would suggest, Mr. Speaker, that just as the provincial government is careful to recognize and acknowledge the claims of local firms in this regard, so I believe the Department of National Defence should give some consideration to this matter and insist that these products be supplied by industries in the provinces concerned, if at all possible.

Now, there are other matters to which I could refer, such as works projects which have been turned down by the federal government. I could refer to the fact that time and time again I have requested assistance in regard to the erosion problems on various parts of the Fraser river, erosion problems which are caused by navigation and not just by the natural process of erosion, as engineers would claim. My request has been turned down very definitely and very clearly. All these things tie into the picture. I would suggest that some of these things, which would at least give some assistance in solving the unemployment problem as well as make British Columbia feel happier about the whole proposition, should be carefully considered.

[Mr. Patterson.]

We have heard a great deal of talk about public works, tax reductions and the necessity for increased trade. I do not believe that those things alone will provide a solution to the unemployment problem. I was interested in hearing the hon. member for Parkdale (Mr. Hunter) last evening refer to the fact that tax relief should be granted even if it meant a $400 million deficit in the budget. In considering his statement, I wondered just how much that would increase our national debt, because we are reminded of the fact that even now the interest on our national debt is approximately $500 million. I do not know just how much more the people of Canada would be willing to accept in that particular respect.

I believe, as I have said, that these other things are good in their place but they will not solve the problem that confronts us at the moment. I feel that Mr. Reuther came very close to the crux of the matter when he was speaking last year, I am not sure of the date, in Vancouver. The title of this article is, "Reuther issues wide challenge". This article is by Herc Munro, the Vancouver *Province* labour reporter. I should like to quote just briefly from what Mr. Reuther said:

> People all over the world are looking to the people of the United States and Canada for leadership, and they will judge us as we ought to judge ourselves.
>
> "They will not judge us by the facts that we can turn out millions of tons of steel or millions of automobiles or that we build the highest buildings."

Then he went on to state that they were going to judge us by our ability to translate material wealth into human values, into human progress, into human happiness and into human dignity.

Again, I should like to quote from the article:

> We have always been able to mobilize our productive economy and create full employment making the weapons of war and destruction, and the most basic unsolved problem that we need to find an answer to, is the question:
>
> Can we find a way to achieve and maintain full employment in peacetime making the good things of life for the people.

Now, one of the problems that he presented was as follows:

> One of the problems is that too many people believe in what they call the trickle down theory of economics, the theory that if you have a banquet table and you load that banquet table with more and more of the good things of life for a few wealthy people on top, they will brush enough crumbs off the table for the people down below.
>
> That theory is wrong. You can only build prosperity, not from the top down but from the bottom up, by giving the great mass of people enough purchasing power to buy the things we

know how to produce in our factories, in our mines, and in our mills, and grow on our farms.

Finally he said:

What we need to do is to find a way to broaden the purchasing power base of our economic systems so that that purchasing power in the hands of people will balance our productive power in terms of these new tools that we are finding and science and technology is giving us every day in the year.

I believe Mr. Reuther was right when he referred to the necessity of placing purchasing power in the hands of the people, because if they have purchasing power they will purchase the things that are produced and industry will be thrown into high gear again to produce more goods. Unemployment will vanish and the needs of our people will be fulfilled. I would therefore, Mr. Speaker, request, as I have before, that some responsible minister explain to us why the government cannot or will not effect the necessary monetary reforms to produce the desired results. Increased purchasing power will create more jobs, and therefore as a member of a group that has offered suggestions and outlined a monetary plan that would solve the problem, I would ask the Minister of Finance (Mr. Harris) to state his views concerning the problem and concerning these proposals that have been advanced by this group.

Mr. J. A. MacLean (Queens): The problem of unemployment from a national point of view has been covered thoroughly in this debate, and it is not my intention to deal with it in general terms but that is not because I do not recognize the importance of the problem. As a matter of fact the unemployment situation in the country is quite serious at the moment. In yesterday's Montreal *Gazette* I noticed a statement to the effect that 7 per cent of our labour force is now unemployed, which is more than double the normal percentage. This article also points out that even at the depth of the world-wide depression in the thirties there was never more than 12 per cent of our labour force unemployed at any one time.

I, however, do not intend to deal with the problem on a national scale. I should like to direct my remarks for a few moments to the problem of unemployment in the maritime provinces. I know that this is a problem with which the Minister of Labour (Mr. Gregg) is specially familiar because he too is a maritimer. Nevertheless I take this opportunity to bring the situation to his attention once again. Unemployment for us in the maritimes is not new. That is probably the reason we have not expressed the degree of alarm expressed by members from other parts of the country, when they find the unemployment figures reaching such high levels.

Unemployment

Over the years in the maritime provinces we have had chronic unemployment. Ever since confederation the maritimes have been unable to supply employment to the natural increase in the labour force. In that time they have not been able to keep employed the numbers who gained their livelihood in that area years ago.

I note that in my own province of Prince Edward Island the total population in 1951 was 5,000 less than it was in 1901, or 50 years before. The result of this depressed economic condition in the maritime provinces is that there has been a continuous exodus of our best people from those provinces during that time. I am not suggesting that it is not a good thing for groups of our people to be employed in other parts of the country, thus adding to the strength and the leadership of the newer sections of Canada. But the unfortunate effect, so far as the maritime provinces are concerned, is that most of this exodus has been, not to other parts of Canada only, but to the United States, and chiefly to the New England states where we find approximately the same basic economic conditions as are found in our maritime provinces, and where, owing to the similarity of natural conditions, the opportunities should be no greater than in our own maritime provinces.

Unemployment figures for the maritimes do not have great significance because they represent only those who are at the moment unemployed in that area and who have not as yet given up hope of eventually being employed there. These are the people who are unemployed but who have not yet left the area to go somewhere else in search of employment.

In this connection I should like to quote from the *Labour Research* bulletin, the monthly publication of the research department of the Canadian Congress of Labour. In the January-February issue they deal at considerable length with the economic situation in the maritime provinces, and say at page 2:

Taking the three maritime provinces together there can be no question that the increase in employment since the end of the war has been very small, and of course far smaller than for the country as a whole.

Then it goes on to say:

For the three maritime provinces figures are available—

That is unemployment figures.

—for 52 dates, from February 23, 1946 to November 20, 1954. On every one of those dates the percentage of unplaced applicants to total supply in the labour market was higher than the national percentage, usually much higher. For 1946 it averaged over 50 per cent higher; for 1947 over 89

per cent higher; for 1948 over 50 per cent higher; for 1949, when the national percentage was itself much higher than in 1947 or 1948, it was almost 49 per cent higher. For 1950 it was 42 per cent higher, and for 1951 just over 30 per cent; for 1952, 36 per cent; for 1953, almost 51 per cent; for the first eleven months of 1954, when the national figure was the worst on record, it was still 27 per cent higher than the national percentage.

Then it goes on to say:

Using the D.B.S. figure of "persons without jobs and seeking work", and taking this as a percentage of the supply in the labour market, we find that on all but one of the 52 dates the maritime percentage was above the national, usually very far above. On one date, September 18, 1954, the maritime percentage was exactly the same as the national, and on three others it was within 10 per cent of it. But there were ten dates when it was double or more than double the national percentage, and another eight when it was nearly double.

Saying this in another way:

The maritime percentages of unemployment were already so bad in 1953 that it was very nearly impossible for them to get worse in 1954, as fast and as far as the national percentages.

There is another phase of this problem to which I should like to refer briefly, and that is conditions of employment. It is a basic economic fact that people demand higher wages in areas that are not very desirable as places in which to live. People in the maritimes, therefore, because of their desire to continue living in the maritimes, are willing to accept rates of pay which are lower than those which maritimers might demand if they had to go to almost any other part of Canada to seek employment.

In this connection I would quote again from the *Labour Research* bulletin, which says at page 2:

For the three maritime provinces, in 1946, personal income per head was $177, or 22·3 per cent below the national average; by 1949, $287, or 30·2 per cent below; by 1953, $406, or 33·2 per cent below. At the end of the war, the gap was already considerable. Last year it was about 50 per cent worse.

Then again:

For the three maritime provinces, in 1946, income per member of the labour force was $307, or 15·0 per cent, below the national average; by 1949, $573, or 23·1 per cent; by 1953, $770, or 22·7 per cent. The percentage gap is much smaller than for income per head, in all three years. For the three maritime provinces, the gap in 1953 was again about 50 per cent worse than in 1946.

The reason there is a greater difference between the per capita income in the maritimes and that of the rest of Canada than there is in the per capita income for the labour force in those respective areas is that in the maritimes the percentage of the labour force to the total population is not as great as it is in the rest of Canada, simply because large numbers of our young people who are members of the labour force have been forced to go to other provinces to seek employment, and those who are left behind are the non-wage-earners, the aged and the young.

Of course, the obvious question to ask is, what is the cause of this situation? One of the causes is the lack of suitable markets for the products of the maritimes. In that connection I should like to refer briefly to the report of the Gallup poll, which was taken last fall and published in the Montreal *Star* on September 8, 1954. The result of this Gallup poll showed, when compared with previous ones, that in 1950, 15 per cent of the Canadian population felt that unemployment was the most urgent question facing the Canadian people. In 1951, that number had dropped to 3 per cent, but in 1954 it had risen to 32 per cent. In the maritimes it was found that a great percentage of the population felt that the problem of suitable markets was of more importance. More people in the maritimes felt that to be so than in any other area of Canada except the prairie provinces.

One of the basic handicaps in the maritimes of course is the lack of cheap power. We also have the handicap of the failure of this government to spend a fair share of defence expenditures in the maritime provinces. I note with satisfaction that in recent years there has been some slight correction of that problem. The new military camp at Gagetown will create a certain amount of employment in that area, and some of the vast amount of money which is now being spent on defence will be funnelled into that area. Of course, the same could be said of the naval base in Halifax but not too much credit should be given to the present government for making Halifax one of its most important naval bases, because a precedent was set for it by the Royal Navy over 150 years ago.

Considerable satisfaction is felt in various areas of the maritimes over the fact that some R.C.A.F. stations have been reactivated there since the war, and they have a beneficial effect on the immediate communities. That beneficial effect is experienced by such towns as Summerside and Chatham.

Perhaps we should not attempt—I for one would not—to blame all our difficulties on other people or on the rest of Canada. We in the maritimes should bear our fair share of the responsibility for the depressed economic conditions in the maritimes. We in the maritimes have not been proud enough of our part of the country. We are a modest people, and when we hear people from the

rest of Canada holding forth on the virtues of their areas, we tend to swallow it holus-bolus.

There are some bright indications for the future of the maritimes, however, and among them are the vast mineral discoveries which have been made in New Brunswick. The new techniques in the marketing of food, such as the quick-freezing of vegetables and farm products, do help, and it is hoped it will develop into a very important industry in the near future. The new process for producing such products as fish sticks is having a beneficial effect on our economy generally.

So far as my constituency is concerned, I note that the employment office there, which services two counties, reported last week that during that week the number of unemployed dropped off by 114, but that is only a local trend, which was caused by the fact that the weather has been favourable in recent weeks in the maritimes and building is picking up. In addition to that, in the city of Charlottetown some relief is given owing to the fact that at last the new federal building there is actually under construction after the item has appeared repeatedly in the estimates for about ten years.

I should like to quote briefly figures relating to the maritimes as compared with the rest of Canada. The maritimes are not progressing economically at the same rate as the rest of Canada has since the war. This trend has been going on ever since confederation. In 1946 the maritime provinces had 9·6 per cent of the Canadian population. By 1953, the figure had dropped to 8·5 per cent. In 1946, the maritimes had 8·8 per cent of the labour force. This figure had dropped to 7·6 per cent by 1953. In 1946, the maritimes had 4·4 per cent of the farm cash income of Canada. This figure had dropped to 4 per cent by 1953. In 1946, the maritime provinces alone had 9·6 per cent of the population, but only 2·9 per cent of the electric power produced in Canada. That figure had risen relatively to 3·3 per cent in 1954, and that is one of the few improvements I see in the general picture.

In 1953, the maritimes had 8·8 per cent of the population but only 4·8 per cent of the new investment. From 1949 to 1954 in manufacturing new investment declined 20 per cent in the maritimes. In my province, our economy depends entirely on agriculture, the tourist industry and fisheries. Among those, agriculture is so important it can be truly said that if the farmers are prosperous everyone is prosperous, and if the farmers are not prosperous nobody is prosperous in that area.

Unemployment

I note with considerable alarm the fact that the cash income of agriculture in my province dropped off seriously two years ago and has stayed at that lower level since. I regret that I have not up-to-date figures on the farm net income, therefore I have to give the figures for cash income. In 1952, the farm cash income in Prince Edward Island was $31,500,000. In 1953, it had dropped to $22,500,000, and in 1954 it stood at $23 million. It was up only $500,000 in that year. This prolonged low-level income reflects unfavourably on the province generally. It results in farmers having to forgo ordinary maintenance expenditures on their buildings, on their equipment and on the proper care of their soil, which is their working capital. In other words, they have to draw on their working capital in order to live. That creates a condition which, if allowed to persist, would make it impossible for the farmer ever to recover his position. His soil becomes eroded, his buildings become dilapidated, and his family goes off somewhere else to seek its livelihood. Then you have the situation which now exists on many farms in Prince Edward Island. You have an old couple living on old age pension on a farm that is no longer worked, and which will go out of production permanently when they die. That I say, Mr. Speaker, is a very serious state of affairs.

It may be fair to say that it is quite easy to point out difficulties, and to say things are not as good as we would like them to be. I would be less than fair if I did not offer at least a few suggestions which I think would go some way toward relieving this situation.

To begin with I would suggest most sincerely to the government that greater consideration be given to tariffs and their effect upon the economy of the maritime provinces. At the present time Prince Edward Island exports potatoes, one of its chief products, to the United States over a tariff barrier of 37½ cents per hundredweight for a quota, which tariff doubles after the quota has been reached. Our exports include a large amount of seed potatoes which the United States are almost forced to obtain from the maritimes because of the cooler climate and the fact that they produce the best seed. The result is that due to this tariff on Canadian potatoes the small economy of Prince Edward Island contributes $2 to $3 million to the United States treasury annually.

What is the situation with regard to United States potatoes coming into Canada? The state of Maine produces more potatoes than the whole of Canada. That state is located in a strategic position close to the largest

potential Canadian market, the city of Montreal. At the present time, and for years, United States potatoes come into Canada completely duty free except for six weeks during the summer. During this winter large amounts of Maine potatoes were trucked across the international boundary to New Brunswick, coming in duty free, and were then shipped to the Montreal market under the benefit of the maritime freight rate. They were sold there at an advantage of about $25 per carload compared to Canadian potatoes which were selling for the same price, due to the exchange on the United States dollar. Is it any wonder that we in the maritimes find it hard to compete under those conditions? Therefore I make the obvious suggestion as to how the situation might be improved.

Another thing we need in the maritimes in order to be able to compete as far as manufacturing is concerned is cheap power. There are a number of potential power sites in the maritime provinces, and encouragement should be given by the federal government to their development. In addition to these developments I should like to see an accelerated effort to devise some method of producing electrical power from coal by means of gas turbines or other methods. We have coal in surplus supply in the maritime provinces at the present time, and efforts should be made to bring about the development of electrical power from coal at a cost which would permit it to compete with hydro power.

I think it is fair to suggest that the federal government should see that a fair percentage of defence industries are located in the extremities of our country. I do not mean that industries should be dispersed, that existing plants should be closed down, uprooted and transplanted somewhere else, but I do mean that when new factories are required for the production of strategic war materials especially, serious consideration should be given to locating them in the more sparsely populated areas of the country. This would relieve the congested areas which are already tempting targets for bomber attacks.

In closing I want to say that given even reasonable encouragement we in the maritimes with our great resources, the size of which are only now being fully realized, can work out our own salvation but we must have a suitable economic environment so we can share fully in the fruits of our own endeavours.

Mr. Maurice Breton (Joliette-L'Assomption-Montcalm): Mr. Speaker, I do not propose in this speech to minimize the importance which must be attached to this unemployment problem. On the contrary I am convinced that it is one of the most important of those which face our governments. Therefore I believe it may be of some use in this debate to gauge as precisely as possible the volume of present-day employment by looking back on its incidence in the country over the past 20 years. I have before me some figures provided by the dominion bureau of statistics giving the number of persons without jobs and seeking work in Canada during the period 1931-1954. The figures are for the month of June in each case. I would ask permission to place this table on *Hansard* in order to relieve me of the necessity of reading it in full.

Mr. Deputy Speaker: Has the hon. member permission to place this table on *Hansard*?

Some hon. Members: Agreed.

Mr. Breton: The table follows:

Persons Without Jobs and Seeking Work in Canada, 1931-1954

Date June	Thousands of persons 14 years of age and over
1931	475
1932	733
1933	817
1934	624
1935	618
1936	565
1937	406
1938	516
1939	523
1940	418
1941	193
1942	134
1943	75
1944	62
1945	72
1946	123
1947	91
1948	80
1949	100
1950	136*
1951	80
1952	105
1953	90
1954	185

*Newfoundland included in estimates commencing 1950; but Manitoba is excluded for June 1950 only due to flood conditions.

Source of estimates:
1931-1945—D.B.S. reference paper No. 23, "Canadian Labour Force Estimates 1931-1950";
1946-1953—Monthly bulletin on "The Labour Force", April 1954;
1954—Monthly bulletin on "The Labour Force", June 1954.

Mr. Blair: What is the source of those figures?

Mr. Breton: I obtained the figures from the dominion bureau of statistics, and I shall table the document I received from that source.

Mr. Speaker, it will be noticed that these figures are for June of each year. They are the only figures covering a period of several years which I have been able to obtain. Account must be taken of the fact that the trend for the period from June to March is generally constant. There is a rapid increase from January to March of each year, through the prevalence of seasonal employment. It will also be noticed that in 1931 the civilian labour force in Canada was 4,105,000 as against 5,345,000 on February 10, 1955.

These figures show that unemployment is nothing new, that we have never managed to do away with it entirely. If we look back to these figures it will be seen that if the situation has become somewhat worse since the end of the war, it is by no means comparable to what it was between 1930 and 1941 inclusive. On the other hand, taking into account legislation put on the statute books by the federal government since 1940 with a view to redistributing the wealth of our country, it must be admitted that a great deal has been done to eradicate poverty and misery.

I would like to put on record in this connection the amounts paid out this year by the federal government in social security and unemployment insurance benefits: $1,200 million in social security benefits and $200 million, approximately, in unemployment insurance, which gives a total of $1,400 million.

Some people seem to think the problem of unemployment is one for the federal government alone to solve. Still, by virtue of constitution and custom, the property, control and responsibility with regard to natural resources in this country are vested in the provincial governments. Therefore it would be abnormal for provinces which claim credit for the industrial development of this country to refuse to accept their share of responsibility for unemployment. It is true that unemployment insurance legislation is a federal responsibility. This has been brought about through the consent of the provinces. But such legislation is only a means of helping the unemployed and does not, by itself, create employment.

To my mind the federal government has the following means to combat unemployment: First, a financial policy directed to increasing credit in this country; second, unemployment insurance legislation; third, social security measures.

No one can deny the great amount of work accomplished by the government since 1940 in those three fields. To state that the federal government has done nothing to deal with unemployment is to deliberately ignore a great part of its legislation of the past several years. As examples of financial measures this government has taken for the relief of unemployment I shall mention the extension of credit for house-building purposes, the effects of which have been felt already in 1954 and will intensify during 1955, as well as the reduction of interest rates. Can the government go any further in allowing credit expansion without risks of inflation? There is a question to which only experts can give an answer.

In the field of unemployment insurance a great deal has been done since 1941, and some new amendments to be adopted at this session will, I hope, bring a greater number of workers within the scope of this legislation and extend the duration of benefits to the unemployed. These questions will no doubt be discussed in detail when the amendments are introduced in the house.

As regards social security measures, I believe the government has made the fullest possible use of the share of the national revenue that it can earmark for this purpose.

In my opinion the federal government has assumed all its responsibilities as regards unemployment, but that does not mean it is the only one in a position to meet this problem. Foreign trade, agricultural prices, daring on the part of the leaders of industry, salaries, provincial initiative in the development of natural resources, are all factors which have a bearing on the level of employment. It is therefore impossible to single out responsibilities in this matter. Consequently it is the duty of all levels of government, of leaders in industry and of labour unions to co-operate toward the solution of this problem.

Many consider that the federal government is already assuming too many responsibilities. If the solution of the unemployment problem were entrusted exclusively to the federal government it would lead to greater economic and political centralization. In fact, one cannot seek to obtain rights and at the same time refuse to accept the obligations that these rights involve.

Unemployment is a chronic ill, the importance of which can only increase in peacetime with the development of automation in industry. Without for a moment exaggerating the seriousness of unemployment, I believe that the establishment of a permanent body to study this problem, which could consult with representatives of all interested groups, would be an efficient way of finding long-term solutions.

In the meantime I endorse the policy of the government.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I want my first words in this debate to be words of sympathy. I have a great deal of

sympathy for the present Minister of Labour (Mr. Gregg). There is an old saying which goes something like this: "Uneasy lies the head that wears a crown". One has to remember how long the Minister of Labour has been patiently sitting in his place having extra thorns added to his crown every once in a while. It is not my intention to add to his difficulties today.

It is my intention to discuss briefly the two proposals which were set forth in the amendment moved by the hon. member for Burnaby-Coquitlam (Mr. Regier) on behalf of the C.C.F. party. On the 16th of March the hon. member moved an amendment which called for two specific lines of action by this government. The first part of the amendment called for the government to implement the pledge it made in 1945 in what are commonly known as the green book proposals, that it would take full responsibility for the care of the unemployed.

I shall not devote much time to that part of the proposal because it has already been well covered, except to point out that with regard to those who are not eligible for unemployment insurance there is certainly an urgent need for this government to come to the aid of the municipalities which are obliged to struggle with that problem. Before this debate winds up I hope some member of the government—either the Minister of Labour or someone else speaking for the government—will be able to tell this house what they intend to do with respect to this question. I have no doubt that it will be one of the questions which will be discussed at the dominion-provincial conference to take place in the next few weeks, and I hope that out of it will come something which will assure the municipalities that they will not be left in the position of having to take the responsibility of caring for those who are unemployed by virtue of the policies of the federal government.

I should like to devote a little time to the second proposition in our amendment, calling for a public investment program and for economic development. In order to make my remarks as constructive as possible, I should like to set out first of all that I believe the government is missing the boat by going along with the decision of Trans-Canada Pipe Lines Limited, which apparently has decided not to proceed with the construction of the pipe line this year. According to a press dispatch of March 18, as it appears in the Winnipeg *Free Press*, we are informed as follows:

> Decision by the directors of Trans-Canada Pipe Lines to bring the negotiations to an end was announced Thursday afternoon by N. E. Tanner, Calgary, president of the company.

[Mr. Zaplitny.]

Then it goes on to give the reasons:

> A flat refusal by the world's second largest oil company to sell Alberta gas to Trans-Canada Pipe Lines brought the negotiations with the federal government's industrial development bank to an end. The oil company refused to be a party to supplying oil to a pipe line company,—

It should be "gas" there, I imagine:

> —which under the terms of the I.D.B. proposition could be controlled by the Canadian government.

Then it goes on to say:

> The oil company, Canadian Gulf Oil, a subsidiary of the huge Gulf Oil Corp. of Pittsburgh, refused to sign as a supplier, despite a personal last minute appeal by Right Hon. C. D. Howe, Minister of Trade and Commerce. Mr. Howe reportedly intervened this week to try to persuade Gulf Oil to agree to supply oil but the appeal was flatly rejected and ended in bitter argument over long-distance telephone.

I have no way of knowing the accuracy of that report. Certainly it has not been denied. It appears that the government has now resigned itself to the position that if the pipe-line company in question will not proceed with building the pipe line, then the matter rests there. Certainly here is a clear case where the federal government could proceed on its own and build the pipe line as a public utility, if not the whole distance into eastern Canada then certainly as far as Winnipeg this year. There may be some doubt as to the readiness of consumers in Montreal, Toronto or other eastern cities to buy the gas that may be available. There may be some doubt as to whether the price can be made competitive with other sources of supply. But certainly as far as the situation east to Winnipeg is concerned, there is no doubt that the supply of gas would be welcomed by both the domestic users and those who are in industry.

I see no reason at all why the Canadian government should sit back and wait for a private corporation to proceed with a project of this nature when, in the first place, I believe the Canadian government should have taken the initiative to construct such a pipe line and use it as a public utility, making it available to private concerns, provincial governments and municipalities.

If we can foresee in the future a network distribution of natural gas, both in western and eastern Canada, in which the provincial governments and the municipalities are to participate—and I believe that is what is going to happen—then certainly it would be a protection to those provincial governments and to the municipalities concerned if the pipe line were a publicly-owned utility under the control of the federal government, free to be used by all those who wished to use it as a common carrier, and subject to the regulations of this parliament.

I believe the government of Canada would be well advised to proceed with this project on its own and build it this year as far as Winnipeg. Certainly I can hardly believe that the Minister of Trade and Commerce of Canada would have to make an appeal by telephone to the president of a privately-owned company in the United States, almost begging on bended knee that we may be able to use some of our own natural resources in western Canada by transmitting them farther east. Things have come to a pretty pass if we cannot do anything to alleviate our unemployment situation because the president of a United States company denies us the use of a resource which rightfully belongs to the people of Canada. Whatever protests this government has been making to the United States government with respect to other matters, I think this is one matter in respect of which a protest would be in order.

That is one of the major projects, but under the general idea of public investment there are many other things that could be done. We have suggested in the past, and I should like to place it on record again, that we believe this government should participate in the construction of a highway system from coast to coast. At the present time this matter is considered to be the responsibility of the provincial governments. The federal government has participated to the extent of assisting in the building of the trans-Canada highway, but at the rate at which highway traffic is increasing in Canada, not only in volume or the number of units but in the weight of the vehicles are using our highways, it can be easily seen that many of the existing highways are a wasting asset and are not going to last very long. It is certainly a legitimate project which would be for the general welfare of Canada, and it is one which would provide employment and bring about a general increase in activity from coast to coast.

Then we have suggested a low rental housing scheme, not only to provide extra housing units but also in order to alleviate the unemployment situation. There was also the question of level grade crossings, about which some discussion has taken place. A small amount is now available to municipalities that wish to participate in the construction of systems which would eliminate the level grade crossings; but certainly that figure of $5 million for a country like Canada, for a project of that nature, is a drop in the bucket. Here again is something which could be usefully done which would facilitate the convenience of traffic and contribute to the safety of vehicles and of life, and it is something the federal government could use to boost employment.

I also believe the government could enter into an over-all national conservation plan which could include such things as irrigation, reclamation, reforestation and development of water power. All these things would be in a sense self-liquidating, in the sense that they would be bringing greater value to the nation, creating greater economic activity and development of our resources, and at the same time providing much-needed employment.

I would suggest also that the government proceed with the construction of storage facilities for farm products. It is true that owing to last year's light crop in the west the congestion in our elevator system has not been as great an issue in recent months as it was a year ago. But we are all hopeful, we are all optimistic in the west. We hope for a huge crop in 1955. If we do get a large crop, by next fall we shall be in exactly the same place we were a year ago. All the elevators will be filled; all the annexes will be filled; the terminal elevators will be filled, and the farmers will be left with grain lying in the field which they will not be able to move. Why not use a little foresight and start constructing storage facilities for this grain, as well as facilities for other farm products of a non-perishable nature which could be stored and used in a period of short supply, when the world demand for those products might be better than it is today?

All these things would add to the gross national product, would add to the value of our assets in Canada, and at the same time would provide useful and sensible employment. Those are some of the immediate things we believe could be done.

This afternoon I should like to devote a little time to the problem of unemployment from a national rather than a regional point of view. I feel it is time we devoted a little attention not only to the solving of the unemployment problem when it is upon us, but also to making long-range plans for preventing its recurrence. Evidently unemployment is not a new situation in Canada. The hon. member who preceded me has already placed figures on the record which show that the unemployment situation has been with us since 1930, and the only time it was temporarily solved was during the war and the years immediately following. According to the economic philosophy of this government, that was an abnormal situation.

Since it is a problem which has been recurring and which shows no tendency to solve itself, there must be a reason for it. At the

moment we have something in the neighbourhood of 613,000 persons registered as seeking employment, and I should like this house to consider the increasing helplessness of the unemployed as compared with previous years. Today it seems that the moment the ordinary wage earner in Canada loses his job, because of the high cost of living and the fact that the trend seems to be toward the displacement of labour, he finds himself in an almost hopeless situation where he is no longer master of his own destiny. This is not a trend which is likely to stop of itself, because we are told on good authority that the trend toward the displacement of labour by technological advancement, the development of new machines and new methods, is increasing not only year by year but month by month. I believe there is a new term for it, "automation", the process through which every new invention, every new technical advance has the effect of producing as much or more with less and less labour.

In spite of the fact that our gross national product may be increasing year by year—and certainly it should with the increase in our population—we could have the anomalous situation that in spite of the fact our production is increasing, the number of persons employed in the production of those goods and services is decreasing. As a matter of fact that is the situation now when you take into consideration the fact that our population is increasing and at the same time the numbers of unemployed are becoming greater and greater. It is not only the fact that men are being displaced, but the fact that this has been going on for a long time, that is causing concern. I believe we must trace the problem back to its root, because the whole nature of our economic system has undergone a tremendous change, even in the last half century.

We do not need to go back as far as the industrial revolution. Even going back 50 years we find that, so far as labour is concerned, the whole character and nature of our economic system has changed radically. There was a time when the system we commonly refer to as the free enterprise system had some practical characteristics wherein a man was the producer, the labourer and the owner of his own plant. Let us take, for example, the man who 50 years ago made shoes in his own little shop. He was the owner, employer, producer and salesman for his product. He was the master of his own destiny. If he were located in a certain town or village where business was not good, if fewer customers were coming into his shop or his product was not selling well, it was not too difficult for him to gather his tools together, take his work bench along and move to another location. He was, to a certain extent, the master of his own future.

But what has been happening? I have given that illustration, but the same picture is true if applied to construction or manufacturing in all its ramifications. What has been happening since the industrial revolution is that progressively the labourer has been separated from his tools. Today a man working in a big industrial plant in which things are produced under the mass production system, where the conveyor belt is the rule rather than the exception, is no longer the master of his destiny. If the management of the plant in which he is working decides that new machinery can produce the same amount of goods or more with less labour, he is notified his services are no longer required. What has he to pick up and take to another location? He is not even the owner of the tools with which he works. He has only his own two nands, his labour or his skill to sell. In other words he is not only being separated from his tools by advancement and scientific inventions; he has also been separated from his capital.

The man who used to produce and sell his own goods in his own shop used part of his money for his daily living, and the rest was invested in his own little business. It was used to improve his tools and equipment, or to try to turn out a better product. He used his wages both for living purposes and for creating capital for himself. Today the man who works in a huge industrial concern creates capital, that is the amount over and above his wages and the expense of running the plant, but that capital is no longer available to him. He has no share in it. He has devoted his skill, time and energy and has earned his wages, which have gone into his cost of living. When he is told his services are no longer required, there is nothing he can take away with him. The capital he has earned, that is the amount over and above his wages, and the expenses of the plant, is left in the hands of that particular industry.

I would like to quote a passage that appeared almost exactly a half century ago, in the first volume of Adam Smith's "Wealth of Nations" where, at page 32, he says:

> Labour is the first price, the original purchase money that was paid for all things. It was not by gold or by silver but by labour that all the wealth of the world was originally purchased; and its value to those who possess it and who want to exchange it for some new production is precisely equal to the quantity of labour which it can enable them to purchase or to command.

These are very important words, because they bring us back to a realization that there is no such thing as relations between capital

and labour, in the theoretical sense, because capital is labour; and we cannot say that capital and labour must co-operate, although those words are often used, because as a matter of fact there is no capital apart from labour.

All capital was created by labour and is being created by labour every day. There is no other form of capital. The difference today is that capital which is being produced currently by labour, and which has been produced by labour for the last half century, is no longer in the hands of those who have produced it. They have become separated from the tools of their production and also have become separated from the very capital which they themselves have created. And having done that they are left in a position of helplessness where, once they lose their jobs, they have nothing else to fall back upon. That is the situation which must be faced and recognized.

Let me quote again from the same book, this time from page 35, where it says:

> Labour alone therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared. It is their real price. Money is their nominal price only.

There again, what is the situation? The real price of a commodity that has been produced or a service performed is the amount of labour which has been put into the production of that commodity or the performance of that service. That is its only real price; there can be no other. But under our present economic system that is not the price tag attached to it. Those who are the owners or the inheritors of that capital which has been created by labour are now in a position to place their own price tag on it, and that tag is padded with what we call surplus profit.

As a result of that combination of circumstances, the separation of the labourer from the tools of his trade and the separation of labour from the capital it has created but no longer controls, and the fact that he who contributes the labour in the production of a commodity or the performance of a service is not the one who puts the price tag on it—all these things have contributed to what we call a lack of purchasing power.

I would like to go behind the scenes on this question of lack of purchasing power, because it is on that question that a great deal of our debate has centred. Hon. members to my left, those who belong to the Social Credit party, have referred to it in every speech they have made, and have pointed to this lack of purchasing power as the root of our difficulties today. As a matter of fact it is not the root of our difficulties; it is the result of the process of the separation of labour from its production.

What are some of the ways in which the lack of purchasing power can be emphasized or made clear? I hold in my hand a report which came to me recently concerning small loans companies and money-lenders. This report is issued by the superintendent of insurance for Canada and covers the period for the year ended December 31, 1953.

Normally if the price charged for goods and services were equal to the amount of labour put into them, then you would expect there would be a balance between the consumption and the production of goods. But we know there is no such balance. We know people are forced to borrow money to make up for that lack of purchasing power that has come about. This is only a small example, because it involves only one company. I am not picking out this company for any particular reason, but I believe it is a good illustration.

The company reported upon in this instance is Household Finance Corporation of Canada, which deals chiefly in small loans. This company was incorporated in 1928 with an authorized capital of $5 million and a subscribed capital of only $3,700,000. Its assets today are valued at $56,687,123. It is pointed out that its earned income on the loans outstanding, which in the last year amounted to $54 million, was $12,615,980.

This points up the fantastic way in which interest can draw away the purchasing power of the people. Here is a company that, on an investment of about $3 million, makes an interest profit in one year of $12,615,980. Even after all expenses, including operation expenses, taxes and the like are deducted, they have left a profit of $6,677,066. That is their net income. It represents a net interest profit of over $6 million in one year on an investment of $3 million and that is only one example by which the disappearance of purchasing power can be brought home. Recently I read an article in *Maclean's* magazine about one of the Asiatic countries—I believe it was Indonesia—in which it was stated that the money-lenders in that country were charging interest rates as high as 25 per cent. I was astonished, thinking this was surely fantastic and unbelievable, that no one would charge an interest rate of 25 per cent. But if we do some mathematical calculations we find that right here in Canada this company charges an interest rate of 22 per cent on small loans.

This means that every time a borrowed dollar is turned over four and a half times,

it disappears in the form of interest. One might multiply this example by the millions —perhaps the billions—involved, because the example I have taken is one of the smaller companies. For example, General Motors Acceptance Corporation is a much larger company doing the same kind of business. Traders Finance Corporation Limited and Trans Canada Credit Corporation Limited are two others. Multiply the borrowed dollar by two billion, and realize that every time it turns over four and a half times it exhausts itself by way of interest, and you can see how the present economic system contributes to the disappearance of the purchasing power of the Canadian people.

That is only one thing. We have in addition ordinary industrial profit making. Let me say here at once that I am not complaining about the making of profits by industry, nor do I complain about what is described as free enterprise, so long as it is free. But there is actual profiteering going on. These figures bear it out; and we know that every year, particularly since 1946 when price controls in Canada were lifted, there has been an increasingly greater rate of disappearance in the purchasing power of the Canadian people. That shows how our economic system works, and some of the disabilities under which the ordinary person in Canada has to live.

What are some of the ways in which that situation can be remedied? It has already been suggested by various hon. members that we should increase our social welfare payments as one of the methods of restoring purchasing power to the ordinary people of Canada. I am all for that. To the extent that we can increase such things as old age pensions, family allowances, war veterans allowances and other forms of welfare payments, to that extent we are helping to solve the problem by placing more purchasing power in the hands of the people. I note that in their submission to the government last fall the railway brotherhood suggested that family allowances should be increased a flat $2 in each category to make them $7, $8, $9 and $10, instead of $5, $6, $7 and $8, as they are now.

These things are all to the good, but I do not think it is the whole solution. Something will have to be done to restore to the hands of those who have lost it the management of and participation in the way the capital they created is to be used. There are two main ways in which that can be done. One of them, of course, is through public ownership. I have no hesitation in saying that any time we want to deal effectively with our monopolies and combines in Canada it will not be through the present Combines Investigation Act. It will be through public ownership of such monopolies.

The other method is the co-operative method. That is one of the finest ways in which we can restore to the hands of the people who create the capital, the management and control of that capital. I understand that in Nova Scotia some progress has already been made in that field. I would hope that whatever this government can do, whatever this parliament can do, to encourage and assist people to use the co-operative method of production and distribution, to that extent we shall be helping to bring back into the hands of the people who create the wealth the management and control of that wealth.

I realize that this would require a departure from the economic philosophy of the present government. It has always been a matter of regret to me personally that in the ranks of the Liberal party, among whom are many men I admire a great deal, there has been a tendency toward greater and greater conformity with the official position of the government. There was a time within my memory—and I have been a constant reader of *Hansard* for over 20 years—when there were a few rebels or left-wingers in the Liberal party.

Mr. Martin: All progressives.

Mr. Zaplitny: I can remember the Minister of National Health and Welfare when he was a private member back in the early days. He used to rise quite often in his place in this house and agree with many of the things that were said by the former leader of the C.C.F. party, the late J. S. Woodsworth. I can remember the hon. member for Rosthern (Mr. Tucker) when he was a new member of this house, before he fell to the temptation of leading a political safari from Saskatchewan, when he was a great reformer in various respects. In some ways he was a bit of a monetary reformer in those days. For example, I can remember the hon. member for Spadina (Mr. Croll), before he came into this house. He played the roll of a Simon Bolivar at Queen's Park when he broke with Hepburn on the labour question. As a matter of fact he is one of the few left-wing Liberals in this house who came to scoff and remained to scoff. It seems to me that the others have submitted to the dead hand of conformity and are no longer willing to challenge the status quo.

Mr. Martin: That is not what the Montreal *Gazette* says about the Minister of National Health and Welfare.

Mr. Zaplitny: Of course I would not want to get my opinion of the hon. member from the Montreal *Gazette*. But it must be admitted that if the Liberal party is to live up to its early tradition of being a radical party in some respects, then it is necessary that there should be a left-wing group in that party. Instead of having a left-wing group we have a group of people who are not willing to challenge the status quo; they are not willing to challenge the profiteering of monopolies in our midst. We find that that mentality is no longer in evidence. We find the dead hand of conformity has been placed upon the genial Minister of Citizenship and Immigration (Mr. Pickersgill) who, when he was in the rarefied atmosphere of Selkirk, where we are all very forward looking, even stated that so far as he was concerned the Liberal party was a party of human welfare.

Mr. Pickersgill: So it is.

Mr. Zaplitny: The minister will have to do some convincing today right in his own government and in his own ranks.

Mr. Martin: Surely not.

Mr. Zaplitny: I say this deliberately, because we have been told in reply to all suggestions and proposals that we have made in this house, after all the verbiage has been stripped away, by the Minister of Trade and Commerce and to a lesser degree by the Minister of Labour himself, that after all this is a free enterprise economy and it is not up to the government to do these things that are suggested; it is up to private industry to do them. Is that the kind of human welfare the Minister of Citizenship and Immigration had in mind when he suggested that private enterprise was the trade-mark of the Tory party and the Liberals should never use it? I am afraid he is guilty of speaking out of both sides of his mouth at the same time. The stock reply is, this is a free enterprise economy and the people of Canada voted for it. They elected this government on that basis, and that is what we are going to have.

We are told that competition is the key to the whole thing. That is a point on which I want to take issue. I say that competition is not the key to the solution of our problems and never has been. I believe that co-operation is the key, and just to illustrate how quickly the people of this country can lose faith in competition when the crisis is on, I hold in my hand a Christmas card which was sent to 40,000 retailers of Canada. This folder has on its face a little cartoon. It is made up of five panels. These panels will be familiar to any western member who used to read it. It used to appear in the "Scoop Shovel" and later in the *Country Guide*, a co-operative newspaper. It has often been used to teach the philosophy of co-operation.

I shall describe it briefly. Originally the cartoon consisted of two donkeys, but in this cartoon it is two reindeer to bring it in line with the Christmas season. The first panel shows two reindeer tied together with a rope. They are standing back to back, each one facing a bale of hay and each one wondering how to get at it. The next panel shows them struggling, each in his own direction toward the bale of hay, neither one being able to get a mouthful of it. Each is pulling the other back. The third panel shows them sitting face to face with a question mark between them, trying to figure out what to do about the competition. The fourth panel shows them standing together at one bale of hay, eating to their hearts' content, and then over at the other bale of hay eating together with a satisfied look on their faces.

In other words the 40,000 retailers of Canada are advocating what? What does this teach? Competition? No, the very opposite; it is teaching co-operation. The very people to whom this government has been trying for years to sell the philosophy of competition are now preaching co-operation.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Ambrose Holowach (Edmonton East): Mr. Speaker, for several days now the pages of *Hansard* have been filled with the record of a long debate on the growing seriousness of the unemployment situation in Canada. I am sure we will all agree that if sincere words and concern alone determined the solution to any problem, then this house has been supplied with ample remedies for this problem which is now shameful. Unfortunately we know that mass unemployment is not solved that easily.

I understand there has been some criticism over the prolonging of this debate, but I believe such criticism is not justified. By investigating thoroughly the entire problem of unemployment in Canada we are focusing our attention on the seriousness of that problem. If we are able to establish the basic causes of unemployment and can apply effective remedies, then I do believe that unemployment can be solved. In my humble opinion unemployment, recessions and conditions under which men and women are without work are not beyond the control of parliament. Such conditions are not God-made, nor are they the result of supernatural forces. They are in fact the result of faulty man-made economic policies, with resulting psychological factors.

Unemployment

Frankly I was disappointed to find that a good portion of this debate had been taken up with political charges as to who was responsible for the last depression, and so on. I was disappointed because I feel that the problem of unemployment is too serious for anyone in this house to use it to advance party interests, or as a vehicle for political propaganda. We all know from the lessons of the last depression that unemployment causes human misery. It is a waste of manpower and results in paralysing the growth of a country. We know full well that unemployment inevitably is followed by crime, delinquency and human tragedy. Every civilized person is violently opposed to war and we strive desperately to prevent it, yet there is no other tragedy that falls with such awful impact upon any nation as depression and the conditions caused by unemployment.

Consider for a moment the matter of waste. If we take the figure of 600,000 presently unemployed in Canada—this figure has now risen to some 613,000—as our basic calculation, on the basis of a work shift of eight hours we find the staggering loss of some 4,800,000 man-hours each day, or the incredible figure of some 144,000,000 man-hours lost each 30 days of work. In addition I think it is admitted that the last depression created strains on the minds and bodies of men and women which are perhaps responsible in good measure for many of our public institutions being filled with inmates. These then are some of the effects of unemployment.

I do not intend to re-examine the validity of all the figures which have been given by the able speakers who have taken part in this debate, but I do believe those figures indicate without doubt that unemployment in Canada is neither regional nor seasonal, as has been constantly stated by government spokesmen. Even if it were there is no justification for a country such as Canada, with its immeasurable wealth, having people living in distress. There is no question in my mind but that unemployment is increasing and is creating an alarming situation.

We know that such is the case from the official figures issued by the dominion bureau of statistics, which indicate that unemployment is the highest in Canada since the last war and is becoming greater. We know further that the prediction made by the Canadian Chamber of Commerce in the December issue of *Canadian Business* that the unemployment figure for the month of March would be well over 600,000 has been substantiated by fact.

I think the seriousness of the situation is best realized by comparison. In every single month of 1954 the number of unemployed in Great Britain was lower than that in Canada. In the eleven month average for 1954 Great Britain with a working force of 23·6 million had only 287,000 unemployed employables while Canada, with a working force of only 5·4 million, had a monthly average of over 380,000 men and women unemployed. Perhaps the most revealing fact is a recent news release to the effect that government revenues have slackened, taxes are slow in coming in and for the first time since 1946 it is predicted that our finances will show a great deficit. In other words this implies sales and production are decreasing and unemployment rising.

The question will be asked, who is to blame? I know I should not be defending the Minister of Labour, the Prime Minister or for that matter any other member on the government side of the house, as they are able and dextrous enough to do that themselves. I am suggesting that by nature I feel rather uncomfortable when I see abuse and criticism pointed at individuals who are just as anxious as anyone else to alleviate unemployment. That blame should fall upon parliament collectively, which even at this late hour takes the stand that the situation is not alarming.

Of course there are those who perhaps feel sincerely that the blame should be placed upon the doorstep of private enterprise; that if only we had state ownership and state planning the picture would take a rosier hue. They do not tell us in what way switching ownership will resolve the problem. Frankly I do not think such an approach would lead to a solution of this problem. As far as I know the purpose of free enterprise has always been to produce goods and services. Labour along with industry has made a tremendous success of that task. Why then should they be blamed?

If we look about we see that the country is loaded with goods of every kind and variety. Certainly private enterprise has not failed. But the same cannot be said of government fiscal policy. As far as I can understand, the purpose of a fiscal policy is to enable the distribution of the goods and services which industry and labour have produced. In failing to do that, government fiscal policy has failed.

I think one of the great tragedies of the situation in which we find ourselves is that labour blames industry and industry blames labour, whereas in reality neither is to blame.

As I indicated a moment ago, the purpose of industry is to produce goods. The purpose of farming is to produce wheat, meat, butter, eggs and those commodities that are desired by human beings. The purpose of

a coal mine is not to supply jobs but rather to produce coal, and the fact that we have employment is a happy consequence of that process. Of course there are those who feel that the profit motive is responsible for much of the unemployment situation. No one in this house is more opposed to unreasonable profits or exploitation than I am. But suppose we did distribute the profits created by industry among the workers and the people generally; would that be the solution to unemployment? Anyone who has studied the economics of our country knows that is not the answer, because all that could happen then would be a very thin distribution of the purchasing power already in the country, whereas what is required is supplementary income in order to enable consumption of the tremendous productive capacity of this nation.

Furthermore, there are those who feel that the answer is to be found in increasing wages. In this respect I think labour has been justified in asking for increased wages. When we consider the tremendous cost of living it is only reasonable that labour should wish to have fair reward for its efforts. I have in my hand an interesting list giving comparative prices of commodities in 1927 and 1955 compiled by the senior citizens' association of British Columbia. It indicates that in the year 1927 a pound of butter cost 42½ cents. The January, 1955 price was 65 cents for a pound of butter. One dozen eggs in 1927 cost 34 cents and in January, 1955, a similar dozen eggs cost 46 cents. A pound of tea cost 49 cents in 1927 and in January, 1955, a pound of tea cost $1.40. Coffee cost 34 cents a pound in 1927 and cost $1.23 in January, 1955.

It is quite obvious that because of the high cost of living labour is justified in asking for some measure of wage increase in order to reward it for its toil, but I do not think increased wages is the answer either. As we know, wages are always incorporated into the cost of production. Therefore if the price of goods is raised by reason of increased wages in what way does the labourer better himself when he has to pay higher prices for the commodities he requires?

Further, there is the charge that if we could somehow improve the relations between industry and labour the solution would be found. Certainly that situation is desirable. I think it is a great mistake for labour to quarrel with industry. The fact is they are both in the same boat and are harassed by the fiscal policies of this government. As a matter of fact there are those who are interested in these two parties quarrelling violently between themselves in order to distract the attention of labour and industry from the real cause of their trouble, namely the vicious taxation policies of the present government which rob purchasing power from the people and encourage government spending.

During this debate we have heard some excellent presentations and suggestions. In my humble estimation the hon. member for Bow River (Mr. Johnston), the hon. member for Lethbridge (Mr. Blackmore) and the hon. member for Acadia (Mr. Quelch) gave a scholarly analysis of the situation, and recently the hon. member for Cape Breton South (Mr. Gillis) in a portion of his address came to grips with the subject when he referred to the lack of purchasing power in the hands of the people.

There is no question in my mind but that unemployment is one of the first symptoms of a condition wherein there is a lack of effective consumer demand on the productive capacity of our country. The problem then is for us to devise ways and means of stimulating consumption and restoring purchasing power to the people. Under our present method of operation there is only one way by which this can be accomplished; that is to have a thorough and realistic approach made to the entire Canadian taxation structure, and to remove or reduce those taxes on personal incomes and corporate bodies that restrict and retard investment, consumption and production of the goods required in our country. Such reductions will act as a stimulus.

Further evidence that there is insufficient purchasing power in the hands of the Canadian people is easily found when we examine the high figures of present-day instalment buying. I am not saying that instalment buying is a bad thing entirely. Were it not for instalment buying the pile of surplus goods which our country has produced would be higher still. I refer of course to durable goods such as cars, heavy machinery and homes, which could not be acquired without instalment payments. I wish to stress, however, that the present high level of instalment buying may present itself as a serious problem at some future date, in that purchasing power will be used to eliminate debt rather than to acquire the goods and services which will be coming off the assembly lines in the future. I believe that here also a sensible reduction in the taxes of our country, primarily in some of the hidden taxes on goods, will alleviate the situation and restore some of the purchasing power of the dollar.

We are all aware that our present taxation structure has adversely affected our domestic

market as well as our export trade. Taxes go into the cost of production and decrease the amount the dollar can buy, with the result that many of the goods this country has produced are presently beyond the reach of most countries which would ordinarily buy them from us.

During the war and shortly thereafter, because of a depletion of their own resources and damage to their potential, many countries were obliged to buy from us; but that situation does not exist now. The artificial stimuli which spurred our economy shortly after the war no longer exist. Many of the countries who were formerly our customers have rebuilt their industry and are now selling their products at lower prices than ours, by reason of the fact that many of the hidden taxes our fiscal policy demands of production are not incorporated in their products. It seems to me that an intelligent man always benefits by the experience of others. For some reason or another we refuse to do that.

During the course of this debate reference was made to the extraordinary recovery of Germany. I am keenly interested in Germany's recovery because it was my good fortune to have spent many years studying in that country. In thinking of the recovery of Germany we must consider that on May 8, 1945, the country was divided into three areas, each independently occupied. Up until that time the territories were economically dependent upon each other. In order to have a complete picture of the chaos it is also necessary to consider that more than 10 million poverty-stricken refugees from other parts of Europe flooded Western Germany. Then we must also consider the war damage, the dismantling of industry, the general atmosphere of despondency and the lack of hope of a solution, and other conditions and attitudes that existed there.

I believe that an examination of the process of economic recovery there merits consideration, because we all know that today, surprisingly enough, Germany is one of the most prosperous countries in Europe and is, in fact, challenging in world trade the very countries that a few years ago had defeated it in war.

I have in my hand an extremely interesting book called "Germany Reports". It is a calm and objective review of the entire problem. It contains some 84 charts and 84 tables, and is published by the press and information office of the German Federal Republic. First of all I wish to read what I consider to be a succinct passage with respect to the economic and social policies which were adopted in order to make economic recovery possible.

Mr. Blackmore: Would the hon. member give the date?

Mr. Holowach: This publication was printed in 1953. Speaking with respect to the years 1948-52, the following appears:

> Two methods of economic reconstruction presented themselves. Both differed not only in respect of their external form of economic organization but above all in respect of the role of the government in the economy and the position of the citizen within the state and society. They were the planned economy and the free market.
>
> At first sight the idea of directing economic reconstruction in accordance with a comprehensive plan might appear tempting. Actually, however, a planned economy policy could mean nothing more than the continuation of the previously existing course of directing economic activity by detailed bureaucratic regulation. Past experience, however, had shown that such an economic system stifles initiative, the desire for achievement, and the sense of responsibility, as the most valuable driving forces in economic activity. The individual's freedom of decision is replaced by orders of an almighty state and the subservience of its "subjects". Aside from the political significance of such a decision in favour of the planned economy, regulating man's relation to state and society in terms of dependence and subjugation, there can be no surrender in the purely economic sphere of those spiritual and moral forces which flourish only in an atmosphere of freedom. The poorer the country is in material assets, the less can it renounce these forces. For political and also purely economic reasons the economic council of the combined economic area and later the federal government therefore decided in favour of an economic system in which freedom of decision, initiative, achievement and sense of responsibility could once more become the dominant factors.

Then a little further on in this extremely important report this appears:

> Now that undeniable success has been achieved, few realize the magnitude and gravity of the decision which had to be made in 1949 when West Germany was faced by the alternative of free market economy or planned economy. In view of the extent of economic disorganization, of devastation, dismantling, refugee distress and prevailing poverty, it was very tempting to believe that a state-controlled economy could provide an escape from this chaos. It required an extraordinary measure of confidence in the imagination and initiative of employers, employees and consumers to risk the decisive step of removing the responsibility for future economic development from the state and turning it over to the participants in the economy and to their unrestricted freedom of decision. However, previous experience with planned direction of the economy by the government made this choice considerably easier.

Furthermore, with respect to taxation I should like to read the following:

> Tax policy of economic revival
>
> True to the principle underlying its social policy that taxation must be bearable from an economic as well as a social viewpoint and must not be allowed to stifle private initiative, the federal government strove to adapt all necessary changes in the rates of taxation to the prevailing economic conditions.

A continuation of the earlier fiscal policy based on allied legislation, in which a bookkeeping viewpoint predominated, would have led to disaster in spite of the Marshall plan and the currency reform. Considering the existing shortage of capital, a continuation of such excessive taxation would have initiated a process of economic contraction resulting in growing social burdens to be met out of shrinking tax revenue and a declining national product . . . It took the only possible way out of this situation it had been forced into, by making tax reductions the first step in its fiscal policy. This applied first and foremost to direct taxation in general and income tax in particular.

There may be those who claim there is no similarity in the conditions which face Canada at present and those existing in Germany at that time, but I believe there is. While their problem was one of having to induce production to quench the thirst of consumer demand, our problem is similar to the extent that at present it is one of having to make possible consumer demand on the productive capacities of this nation. I repeat, I believe that a serious approach should be made, with the thought of reducing some of the sales and hidden taxes on many of the commodities that are required by people.

Hitherto we have heard of most of the cures as being those that involve the government building suitable projects. I believe such a program will do much to brighten the economic picture, but I think that step alone will make only a scratch on the surface of the problem. I say that for one simple reason, namely that under our financial system the government must first extract from the people, by way of taxation, the money for these projects; whereas there is on hand evidence that even now what is lacking is present effective purchasing power in the hands of the people. Giving with one hand and removing with the other is no solution.

But should the government, after careful thought, embark upon such a program I would suggest that priority be given to that type of construction which generates and distributes wealth in our country. In this category I would say are the building of roads, the building of airports, the building of homes, the giving of inducements to the building of the trans-Canada pipe line. These are things that distribute and in themselves generate wealth.

On January 27 when I spoke in this house I drew attention to the need in western Canada for the building of a road from Winnipeg by way of Saskatoon, Edmonton and the Yellowhead route to the west coast. There is also the need for early commencement on the building of a new major airport in the city of Edmonton. I mention Edmonton because at the present time I understand that the unemployment figure there is unreasonably high. There is also the federal building there that should be completed as early as possible. As I said before, these things in themselves are not the solution to the unemployment problem, but they can help to solve some part of it.

No discussion of the unemployment situation in Canada would be complete without some reference to the subject of automation. We know that technological advancement is progressing rapidly and, as is being done now, in the future machines and science will more and more replace the hands and the toil of men and women. This matter calls for careful study. It might be advisable for the Minister of Labour to set up within his own department a special study group with a view to examining this entire question of unemployment, its cause, its effect, the influence of technological advancement on unemployment and what portion of unemployment is due to overproduction of certain goods for which there is no market.

However, to me the word "automation" spells out a new economic era. I believe that once again science is forcing us to the realization that mankind was not destined to perpetual toil, but was meant to have leisure and to enjoy the blessings of life. In the future the ultimate challenge will be for governments to devise policies to make financially possible the distribution of those things which the purr of automatic motors and machines has made physically possible.

Perhaps all this may sound visionary. I think we should at this time entertain such a vision, for to do less might well mean that there will not be many of us around to judge that we would have been right in making that vision a reality.

Above all, Mr. Speaker, unemployment violates what I consider to be the rights of citizens. We know the people of Canada look to parliament for a solution. If we fail to solve this serious question at this time we may disturb the widespread confidence that the people of Canada have in parliament and in our way of life. It might well be a dangerous thing to fail at such a time in history, especially when we consider that there are many who are waiting to exploit uncertainty and fear.

I request that the government give an answer to the unemployed people of Canada. I trust that when the Minister of Finance presents his budget he will bear in mind some of the recommendations I have made and make his answer satisfactory to the people of Canada, who are anxious to see an early solution to this problem.

Unemployment

Mr. Carl O. Nickle (Calgary South): I rise to take part in this debate, Mr. Speaker, mainly because of two recent developments which have had a real or potential major effect upon the level of employment in Canada. One of these developments was the recent collapse of the trans-Canada pipe-line project; the other was today's report concerning possible restrictions on oil imports from Canada by the United States. Both these events have some bearing, real or potential, upon the western Canadian oil and gas industry.

This industry, in eight short years, has gone from an infant to an industry which today in western Canada supports no less than 300,000 men, women and children. This figure includes, of course, not only the direct employees of the oil and gas companies but also those whose jobs have been created because of the activity in western Canada in connection with oil and gas development and exploration. These operations in oil and gas in western Canada involve the employment in all Canada of people in a great range of industries, from the steel industry in the east to many others, affecting a total of probably some half million men, women and children. Obviously it is an industry of very real importance to our country.

Before dealing with the two recent events I want to go back something over five years and quote very briefly from one of a large number of speeches I made from 1947 on in many parts of Canada and the United States, prior to the time I became a member of this house. I am going to refer back to this 1950 speech mainly because it sets out my basic policy, or is a statement of my beliefs, as to how to best serve Canada and Canada's interests through Canada's own oil and gas resources. This speech was made in two places during February, 1950; once before the Canadian Club in Toronto and again before the stockbrokers' associates in the city of Chicago. This is headed, "The Future Unitization of North American Oil and Gas Resources". Remember, this is five years old. It reads as follows:

> The Alberta and western Canadian oil and gas industry now finds itself in the position where its rapid growth requires a broad, international understanding on the part of the petroleum industry of both the United States and Canada, and the citizens and governments of these neighbouring nations.
>
> It is highly probable that within a few years Canada will become self-sufficient in petroleum, that western wells will be able to turn out enough oil to service the needs of Canada.
>
> Now, self-sufficiency in oil can be achieved in two ways, either in fact or in balance. By "in fact" is meant the actual delivery of Canadian oil to all parts of the nation. That would be a costly procedure to producer and consumer alike. It would mean a low well-head price for crude, imposition of tariffs to keep out American and other foreign oils from some parts of Canada, and a high price for refined products to Canadian consumers outside of the prairie provinces.
>
> By "in balance", is meant an exchange of oil between the United States and Canada in order that the producers of each nation might serve the most economic area, regardless of international boundaries. Under this plan, Canadian oil would serve the prairie provinces, Ontario and British Columbia, and serve also part of the mid-western United States market and part of the Pacific northwest states market. American and other foreign oil would continue, as now, to supply a large part of Canada's eastern market.
>
> So far as natural gas is concerned, Canadians outside of Alberta must recognize that their chances of getting this highly convenient domestic and industrial fuel are dependent in large measure on their willingness to let the equally gas hungry accessible parts of the United States share in Alberta's resource. Albertans must be willing to share their gas resources as well as their oil.
>
> If Canada and the United States are prepared to accept the premise that the two adjoining nations are a single great economic unit—

Mr. Gregg: Mr. Speaker, on a point of order, while I am sure the house will admit that a pipe line for gas or oil may be a means of providing employment, I do not think it is proper during this debate to discuss the ramifications of the industry as the hon. member is doing.

Mr. Nickle: As I stated earlier, Mr. Speaker, I am making a short restatement of a basic policy which I outlined some years ago. I should like, sir, with your permission, to complete that statement and then proceed to relate the real problem of unemployment in Canada to the oil and gas industry.

Mr. Gregg: The hon. member has already done that. He has said, and I agree with him, that this undertaking, if it comes about in the future, will be a direct or indirect means of creating employment. I suggest that having made that point he should not go on to deal with the policies and difficulties surrounding the industry at this time. Those matters are not appropriate.

Mr. Nickle: Any problem related to any industry in Canada, whether that problem is created by industry or by government, that in any way affects the level of employment, creates jobs in Canada or destroys jobs in Canada, I believe is relevant to this debate. I shall continue with the last remaining portion of this 1950 statement:

> If Canada and the United States are prepared to accept the premise that the two adjoining nations are a single great economic unit, at least so far as oil and gas are concerned, the Alberta industry will go on to a future dwarfing its status of today, and broad national and international benefits will accrue.
>
> Canada and the United States are each other's greatest customer for goods and services. Like most other nations Canada is buying less now

from the United States than it desires, primarily because it is short of American dollars. Canada's self-sufficiency in petroleum would eliminate its greatest single drain of United States dollars, an item of some $300 million yearly, and make funds available for purchase of other American products.

Continued growth of Alberta's oil and gas industry will greatly strengthen Canada's economy, particularly in the prairie area which has long depended on a single industry, agriculture.

From the viewpoint of both nations—

Mr. Deputy Speaker: Order. I understood the hon. member to say that he was going to complete this statement very shortly. I find that in a debate of this kind the question of relevancy is very difficult to determine because, as the hon. member who has the floor rightly pointed out, many factors enter into the subject of unemployment. Nevertheless, I must also find that there is considerable merit in the point of order raised by the Minister of Labour. Hon. members cannot use the vehicle of a debate on unemployment to institute a debate on another particular subject. I must therefore ask the hon. member to confine himself to the subject of oil, if he wishes to do so, but in so far as it relates to the problem of employment or unemployment.

Mr. Nickle: I trust I am doing just that.

Some hon. Members: No.

Mr. Nickle: Very obviously, as I said in my opening remarks an industry which has grown from infancy to one supporting half a million Canadians is a vital part of the Canadian economy, and the employment provided by that industry is a matter which logically can be discussed before the house in all its phases at this time.

Then, Mr. Speaker, I would like to add the last two paragraphs of this statement. I do this now chiefly because of the development in the house this afternoon concerning the reported restriction by the United States on imports of crude oil from Canada which, may I say, will very obviously affect the employment level in western Canada immediately. This would be the result should there be any reduction by the United States of oil imports from this nation.

This is the balance of the 1950 statement:

From the viewpoint of both nations and the world—

Mr. Deputy Speaker: I thought I had indicated clearly to the hon. member that I was prepared to extend some leniency to him when he quoted from his statement. I hope, however, that he will now relate his remarks to the unemployment situation.

Mr. Nickle: Mr. Speaker, in addition to discussing past developments of some industries in Canada, in the matter of employment or lack of employment, I think it is also obvious that any suggestion that would create new employment in Canada logically becomes part of this debate.

I now proceed to get on with the main part of this quotation, and read the last two paragraphs of this statement of 1950.

From the viewpoint of both nations and the world, there is—

Mr. Deputy Speaker: Surely the hon. member must realize I do not want to go any further in the matter, but I have indicated as clearly as I can that perhaps he should proceed to deal with another part of his subject.

Mr. Nickle: Mr. Speaker, all I am attempting to do is refer to the problem of oil and gas development and the matter of employment in that and associated industries, and to relate it to the problem of national security in this country. This is an industry which is directly related to the problem of employment. If it is your wish, sir, that I do not read directly from the 1950 statement then I shall try to paraphrase or summarize what I had to say then.

An hon. Member: Who wrote it for you the first time?

Mr. Nickle: I do all my own speech writing.

Mr. Hees: We have not any deputy ministers to write our speeches.

Mr. Nickle: To continue:

From the viewpoint of both nations and the world, there is another vastly important fact which cannot be ignored. Adequate deliveries of oil and gas to points of need, vital as they are in peacetime, can determine victory or defeat, life or death, in time of war. Tremendous amounts of time, money and effort are required to explore for and develop oil and gas reserves, and to provide the means of transporting and processing them to give products of usable form where needed. The task can best be done in peacetime, not when an emergency is at hand.

The security of North America, the ultimate outcome of the world struggle between democracy and communism, will in part be shaped by the attitude of Canadians and Americans towards unitizing of the continent's oil and gas reserves.

I now come to the question brought before the house today, the problem of whether or not the United States is now going to curtail imports of oil from Canada which, of course, will very directly and immediately affect the level of employment in western Canada. Let me say at once that some of the reports which have circulated concerning the statement by Mr. Brewster Jennings, president of Socony-Vacuum Oil Company, may have been misleading. I think the Minister of Trade and Commerce today put the statement of Mr. Jennings in correct perspective when he indicated that this was not going to mean a reduction in imports of Canadian

oil in the northwestern United States market, served by Mr. Brewster Jennings' company.

However, there is now before the United States congress a proposal by one group of senators to add a rider to the reciprocal trade bill which would have the effect of placing legislative limits upon the importation of foreign oils into the United States from all countries, including Canada. Mr. Jennings, in his statement before the Senate committee considering the reciprocal trade bill, did make a statement last week end, part of which was reported today by the Minister of Trade and Commerce. Another part might well be read into the record at this time, because it gives a different picture from that given in some of the press stories this morning.

Mr. Deputy Speaker: Order. The hon. member leaves me in considerable difficulty. He will recall that the Minister of Trade and Commerce made a statement earlier this afternoon with respect to the oil industry. Under our rules when a statement of that kind is made we usually allow a short reply from each opposition group. Advantage of that provision of our rules was taken by the hon. member for Eglinton (Mr. Fleming). The hon. member for Calgary South will realize that I cannot allow him now, in another debate, to do what was done earlier in another connection. Therefore again I must ask him to confine his remarks not to general observations about the oil industry but rather to the oil industry as it relates to unemployment.

Mr. Nickle: I am attempting to do that.

Mr. Drew: Mr. Speaker, might I recall to Your Honour's attention that in this very debate which, because of adjournments, has taken some time, the Minister of Trade and Commerce, to whose remarks reference has been made, did give a review that dealt with various specific aspects of our economic problem. However, he did not deal with it in a way that offered much that was hopeful along the lines we have been suggesting.

Surely, Mr. Speaker, if it was appropriate in such a review to discuss the various aspects of the economy of Canada, it should be arguable now that it is correct to deal with a specific aspect of that economy and point out how employment can be increased in relation to it; and that I understand is the argument now being made.

Mr. Deputy Speaker: Order. I thank the Leader of the Opposition for his assistance. He will recall that when I first rose to my feet some time ago I pointed out the difficulty of determining relevancy in a debate of this kind. Hon. members will agree that considerable latitude has been allowed by the Chair in order that this very important subject may be fully discussed.

The problem I am faced with at the present time is that the Minister of Labour has raised a point of order with regard to the remarks of the hon. member for Calgary South, and I am of course obliged to make a decision. I pointed out to the hon. member for Calgary South that he was perfectly in order to discuss the oil industry in so far as it relates to unemployment, and I certainly have no intention of preventing him from doing so. But I think the Leader of the Opposition will agree that to use the unemployment debate as a vehicle merely for a debate on the oil industry would not be within the scope of this debate. We should try to confine our remarks so far as possible to any specific phase of the economy which we wish to discuss in its application to employment or unemployment.

Mr. Nickle: Mr. Speaker, those who are now engaged in the production of crude oil in western Canada may be a little fearful of their jobs and their security because of the reports emanating from Washington. The statement from Mr. Brewster Jennings, of the Socony-Vacuum Oil Company, will dissipate their fears and set them completely at rest, since they will have available to them the records of this house. In his statement to the Senate committee in Washington last week, Mr. Jennings said that legislative restrictions on oil imports would pose the risk of reversing the progress made in international trade and of imperilling the United States' foreign relations. The Socony-Vacuum president endorsed extension of the reciprocal trade act without crippling amendments, such as imposition of quotas on imports of crude and residual oil. That statement, I am sure, will be welcomed on all sides of this house.

Mr. Jennings then went on to give several reasons why it should not be in the United States' national interest to subject petroleum imports into the United States to any form of restrictive quotas. These are the four reasons he advanced:

(1) The United States consumes 60 per cent of the oil used in the free world and, with only 21 per cent of the proved reserves, is consuming its own supply four times as fast as the rest of the world.

(2) We have relied heavily in the past on oil from Venezuela and Colombia, and the development of reserves in these countries as well as Canada depends on continued access to our market.

(3) As the United States' demand for oil increases, we may some day want more supplies from the Middle East, which now has 62 per cent of the world's reserves.

(4) Import quotas would impair our relations with friendly foreign nations and probably lead to retaliatory action prejudicial to exports of many of our industries and farms.

Mr. Jennings then went on in his statement to refer to Canada, and declared that any quotas imposed by legislation covering oil imports would have to apply to Canada, and this would be a direct repudiation of the United States' joint effort at economic co-operation with Canada.

Fortunately for our country, and fortunately for the western Canadian oil and gas industry, Mr. Speaker, the proposal to restrict oil imports into the United States is still just a proposal submitted by a group of senators. It is, I might say, strongly opposed by the United States administration as well as by the major segments of the United States oil industry. I am hopeful there will be no loss of jobs in western Canada this year, because I am also hopeful there will be no restriction by United States on imports of Canadian oil.

How important that oil market is to the United States is indicated by a few figures showing what we did last year and what we hope to do this year. Last year we first started selling oil in reasonable volume in the United States market. We managed to sell 7,900 barrels a day during the year. By the end of 1954 we were selling 24,000 barrels a day. In March, 1955, the United States actually took 47,700 barrels a day from western Canada. Over 26,000 barrels of that goes to the Socony-Vacuum oil refinery in Ferndale, Washington; the rest goes to the great lakes area of the United States, where it is transported by the international oil pipe line.

Before the end of this year Canada is hopeful of expanding its sales of crude oil to the United States to an amount ranging between 65,000 and 75,000 barrels of oil a day, more than triple all Canada's production of oil just eight years ago. By the end of this year, provided that the doors are not closed to our oil by the United States, we shall be producing something over 360,000 barrels of oil a day in western Canada, which is something over 60 per cent of Canada's needs.

Will you call it six o'clock, Mr. Speaker?

BUSINESS OF THE HOUSE

Mr. Rowe: What is the business for tomorrow?

Mr. Knowles: Is it external affairs?

Mr. McCann: Yes, external affairs.

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

HOUSE OF COMMONS

Thursday, March 24, 1955

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Government House,
Ottawa, 23rd March, 1955.

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, the 24th March, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General
(Administrative)

ATOMIC ENERGY

ANNOUNCEMENT OF PROPOSED CONSTRUCTION OF DEMONSTRATION POWER REACTOR

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, on February 17, 1953, in the course of a brief report which I gave the house on the atomic energy program, I stated that the time had come to undertake the development of atomic power in this country. I stated further that since the production of power is the concern of the various commissions and power companies which distribute power in Canada, it seemed desirable that arrangements should be made whereby the power producers might participate in the future development work.

Shortly after this announcement the Hydro-Electric Power Commission of Ontario indicated its interest in participating in the program, and discussions began as to how this might be carried out most effectively. These discussions resulted in a decision to undertake a feasibility study which would have as its objective the determination of an outline specification for a power reactor.

The arrangement, which was announced on November 12, 1953, provided that Atomic Energy of Canada Limited would make available technical information and experimental facilities, and that Ontario hydro would supply the personnel for the study. Ontario hydro also stated its intention to expend on the study up to $100,000 a year over a two-year period. Subsequently several other utilities contributed personnel to the study group.

During the debate on the amendments to the Atomic Energy Control Act last June I advised the house that it had been decided to set up an advisory committee on atomic power, consisting of representatives of all the power commissions and power companies in Canada. The purpose of the committee was to provide a medium whereby power producers in all parts of Canada might be kept fully informed of developments in the atomic power field. The first meeting of the committee was held at Chalk River in July, at which time the power reactor program was described in detail. It was agreed that the committee would meet annually, and more frequently should the members of the committee desire.

Late in 1954 the feasibility study had advanced to the point where it was possible to consider the next step, the design, engineering and construction of a demonstration power reactor. Atomic Energy of Canada Limited has now recommended that such a reactor should be built, and the government has accepted this recommendation. The reactor will be designed to produce 20,000 kilowatts electric. Its nuclear specifications will be based, in the main, on the heavy water technology which has been developed at Chalk River in connection with the operation of the NRX reactor. While the reactor is not expected to produce power at costs competitive with hydro plants or large thermal stations, it will provide the kind of operating and cost experience which will make possible a scale-up to a large and economic power reactor.

Bearing in mind that atomic power will be used by the utilities, and that the manufacturing industry will be responsible for producing the equipment and components for power reactors, it seemed desirable that arrangements should be made for the participation in the project of a utility and further, that the detailed design, engineering and construction of the reactor should be contracted to a manufacturer.

Two utilities, the Hydro-Electric Power Commission of Ontario and the Nova Scotia Light and Power Company Limited, have made specific proposals for participation in

the project; and two utilities, the Nova Scotia power commission and the New Brunswick power commission, have indicated some interest. Atomic Energy of Canada Limited has now recommended that the proposal of the Hydro-Electric Power Commission of Ontario be accepted, and the government has approved this recommendation.

The arrangement will provide that Atomic Energy of Canada Limited will assume responsibility for the specifications and the cost of the reactor, and that the Hydro-Electric Power Commission of Ontario will assume responsibility for the specifications and cost of the conventional part of the plant, including the cost of the building to house the entire plant and the cost of its site. Ontario hydro will operate the plant as a part of its power system and for that purpose will purchase steam from Atomic Energy of Canada Limited at a price equivalent to the cost of steam produced in the emergency plant erected at Scarborough, Ontario, some years ago.

The decision to accept the proposal of Ontario hydro is based on several factors. First, as the reactor is to be used for demonstration purposes it is essential that it be operated in a power system which is sufficiently large to cope with interrupted operation or operation at a low load factor. Second, it is considered desirable that the first power reactor should be located within easy access of Chalk River, since Chalk River will be responsible for nuclear performance. Third, the financial arrangements provide that both parties will accept full responsibility for the cost of their respective portions of the project, together with any loss that may be incurred as the result of failure in operation or interrupted operation. This sharing of costs and risk is essential in an experimental project of this kind. Since Ontario hydro has made the major contribution to the feasibility study on which the specifications of the reactor will be based, the continuing partnership will be of great mutual advantage.

While the reactor will be located in Ontario, it will be the policy to provide full information to the members of the advisory committee with regard to its design and operation. In this way we will ensure that all Canadian power producers will be in a position to evaluate its economic significance in terms of their respective systems.

Last December Atomic Energy of Canada Limited invited proposals for the design and construction of the reactor from a number of companies which were considered to have the design, engineering and manufacturing resources needed for an undertaking of this kind. These companies were advised that they would be expected to make some financial contribution to the project. After a careful assessment of these two factors —design, engineering and manufacturing resources and the amount of the financial contribution—Atomic Energy of Canada Limited has recommended that the contract be awarded to the Canadian General Electric Company Limited.

It is intended that detailed design will get under way immediately, with a view to the completion of construction in mid-1958.

Further details with regard to the program will be submitted to the parliamentary committee on research.

Mr. Green: Were power commissions and companies in all the provinces given the opportunity to participate in these developments?

Mr. Howe (Port Arthur): The answer is yes. All the power companies were invited to be represented on the advisory committee, and I think that all but one or two are so represented. A number of power companies, although they are not assuming financial responsibility for this first operation, have been contributing men to the feasibility studies. I might say that the British Columbia Electric Company, in which my hon. friend is interested, has contributed manpower to the study.

Mr. Green: I had in mind, for example, the British Columbia power commission, which is a government commission. Has it also been given the opportunity to participate?

Mr. Howe (Port Arthur): It was given the opportunity, but so far as I know it has not appointed a man to the commission. However, the British Columbia Electric Company has supplied manpower.

Mr. Green: Is it the intention of the government to set up the special committee on atomic energy and research shortly?

Mr. Howe (Port Arthur): Yes, that is the intention of the government. We have simply been waiting until current debates die down a bit and we could get a place in the program of the house.

Mr. Brooks: Has the minister an estimate of the cost which would be paid by the Ontario Hydro-Electric Power Commission?

Mr. Howe (Port Arthur): Yes. I think the cost of the project is between $13 and $15 million, and the contribution of the Ontario hydro to the part to be built by them is between $3 and $5 million. There is also a sizeable contribution by the contractor for his part in the program.

Mr. Gillis: What were the factors that militated against the proposal of the Nova Scotia power commission?

Mr. Howe (Port Arthur): The difficulty there was that the unit covered by the proposal was a unit immediately needed for the Nova Scotia system. We could not guarantee the time of completion or the reliability of the project, since this is the first one to be built. We were asked to indemnify the Nova Scotia utility against any lack of efficiency and against damage resulting from delayed completion and also damage resulting from low load factor; whereas in the Ontario project, a proposal similar in character, the Ontario hydro assumes all the risk for the factors I have just mentioned.

Mr. Johnston (Bow River): Was the Calgary Power Company asked to participate?

Mr. Howe (Port Arthur): I think the Calgary Power Company has been participating. The president of the Calgary Power Company is a member of the executive committee in charge of the study, and I believe that company has supplied manpower.

Mr. Robinson (Bruce): What factors entered into the choice of the permanent location of the unit?

Mr. Howe (Port Arthur): I understand that the exact location has not been finally chosen. The decision will be made jointly by the Ontario Hydro-Electric Power Commission, which will operate the unit, and Atomic Energy of Canada. The decision will be based on the convenience of both.

Mr. McIvor: Has any other country anything like this, or is it the case of Canada again being first?

Mr. Howe (Port Arthur): The United States has undertaken several developments in this field, none of which is anywhere near completion, and the United Kingdom is also developing in the same field.

Mr. MacLean: Are the results of the experimental work done in the United Kingdom available to the advisory committee in Canada?

Mr. Howe (Port Arthur): The answer is yes.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 280, to incorporate Victoria Insurance Company of Canada.—Mr. Hunter.

Questions

QUESTIONS

IMMIGRATION, 1954

Mr. Balcom:

How many immigrants entered Canada during 1954, from what countries and how many from each country?

Mr. Pickersgill:

Immigration to Canada by Country of Last Permanent Residence Calendar Year 1954

Africa	755
Australia	1,365
Austria	5,967
Belgium	2,177
British West Indies	849
Central America	14
Ceylon	3
China	1,754
Czechoslovakia	16
Denmark	1,395
Finland	632
France	3,672
Germany	28,479
Greece	2,819
Hong Kong	283
Hungary	42
India	208
Ireland	2,059
Israel	374
Italy	23,780
Japan	91
Malta	892
Mexico	92
Netherlands, The	16,182
New Zealand	344
Norway	1,040
Pakistan	67
Poland	45
Portugal	546
South America	1,133
Spain	69
Sweden	627
Switzerland	1,235
Syria	98
Turkey	19
United Kingdom	43,381
United States	10,131
Yugoslavia	447
Other Asian	178
Other European	172
Others	795
Total	154,227

Source: Department of Citizenship and Immigration.

Questions

C.N.R. ATLANTIC REGION—
LOCOMOTIVES

Mr. Balcom:

1. (A) In the Atlantic region (including Newfoundland), (i) at the end of 1950; (ii) at the end of 1954, what were the number of (a) steam locomotives in service; (b) road steam engines according to class and/or tractive power; (c) switchers?

(B) In the Atlantic region (excluding Newfoundland), (i) at the end of 1950; (ii) at the end of 1954, how many (a) steam locomotives; (b) road steam engines; (c) switchers, were on loan or lease from other regions, including Grand Trunk Western?

2. In the Atlantic region (including Newfoundland) at the end of (i) 1950; (ii) 1954, what were the number of (a) diesels directly allocated to this region; (b) road units according to class and/or tractive power; (c) switchers?

3. (A) In the Atlantic region (excluding Newfoundland), for, (i) 1950; (ii) 1954, what number of steam locomotives were shipped for No. 3 general repairs at (a) Moncton shops; (b) elsewhere?

(B) In the Atlantic region (including Newfoundland), what number of steam locomotives were retired from service in (i) 1950; (ii) 1954?

4. What were the total number of locomotives available for service in the Atlantic region (including Newfoundland), in (i) 1950; (ii) 1954, (a) steam; (b) diesel?

5. How many additional diesel units are planned for the Atlantic region (including Newfoundland) in 1955, (a) road units; (b) switchers?

6. How many steam locomotives are scheduled to be retired in 1955?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:—

1. (A) Atlantic Region (Including Newfoundland)

Steam Locomotives

Tractive Effort	Class	Road Steam		Switch. Steam		Total—Steam	
		Dec. 31, 1950	Dec. 31, 1954	Dec. 31, 1950	Dec. 31, 1954	Dec. 31, 1950	Dec. 31, 1954
23 per cent min. 28 per cent max.	Mogul	4	—	—	—	4	—
21 " " 32 " "	10-wheeler	71	28	—	—	71	28
30 " " 35 " "	Consolidation—under 40 per cent	11	—	—	—	11	—
40 " " 50 " "	40 per cent and over	39	32	—	—	39	32
52 " " 60 " "	Mikado	121	128	—	—	121	128
29 " " 44 " "	Pacific	45	39	—	—	45	39
50 " " 52 " "	Mountain	7	6	—	—	7	6
52 " " 59 " "	Northern	54	43	—	—	54	43
28 " " 39 " "	0-6-0 Switcher	—	—	29	23	29	23
45 " " 55 " "	0-8-0 Switcher	—	—	13	16	13	16
40 " " 45 " "	Consol Switcher	—	—	28	16	28	16
	Mogul Switcher	—	—	2	—	2	—
		352	276	72	55	424	331

(B) There is no loaning or leasing of equipment from other regions to the Atlantic region, or vice versa. Power is not permanently assigned to a region but moves from region to region as required by traffic.

2. Atlantic Region (Including Newfoundland)

Diesel Locomotives

Tractive Effort	Class	Dec. 31, 1950	Dec. 31, 1954
46 per cent	Road—freight	—	40
13 per cent min.—46 per cent max.	Road—switcher	20	66
13 per cent min.—36 per cent max.	Switcher	14	34
		34	140

[Mr. Pickersgill.]

Questions

3. (A) Atlantic Region (Excluding Newfoundland)

	Year 1950	Year 1954
(a) Number of steam locomotives sent to Moncton shops for No. 3 repairs	60	64
(b) Elsewhere: Riviere du Loup	25	Nil

In 1954 five engines were transferred to the Central region for use in that territory. These engines were given No. 3 general repairs before being put into service. Five other engines were transferred and given lighter repairs before going into service in the Central region (see also answer to No. 1 (B)).

(B) Atlantic Region (Including Newfoundland)

	Year 1950	Year 1954
Number of steam locomotives retired from service	16	51

4. Atlantic Region (Including Newfoundland)

Total number available for service	1950		1954	
	Steam	Diesel	Steam	Diesel
Total	424	34	331	140
Less: Removed from service	7	—	—	—
Stored unserviceable	—	—	6	—
Waiting repairs	26	—	94	—
Under repairs	28	—	12	1
Number available	363	34	219	139

5.

	Road	Switcher
Diesel units planned for Atlantic region—1955	33	3

6. Steam locomotives scheduled to be retired in 1955—72.

DISABLED PERSONS ACT—B.C. PROTESTS

Mr. Fairey:

1. Has the minister of health and welfare for British Columbia protested the regulations passed under the provisions of the Disabled Persons Act?

2. If so, to whom has the minister directed such protests?

3. What was the nature of the protests?

Mr. Robertson:

1, 2, and 3. There is no record of any correspondence having been received from the minister of health and welfare or any other member or official of the government of British Columbia, containing any comment, criticism or complaint about the regulations passed under the Disabled Persons Act. There is no record of any letter having been received from the minister of health and welfare containing any reference whatsoever to the said regulations, either before or after they had been approved.

The minister of health and welfare for British Columbia attended a conference of provincial ministers and officials, called by the federal government in January, 1954, to discuss the main outlines of the proposed federal disability allowances legislation. The minutes of this meeting reveal only two comments offered by the minister of health

and welfare for British Columbia—neither of them critical of any feature of either the proposed legislation or the regulations.

The minister of health and welfare for British Columbia was invited in September, 1954, to attend a conference called for the purpose of formulating, jointly with the federal and other provincial governments, the regulations under the Disabled Persons Act. The minister did not attend this conference, but was represented by two senior officials of the British Columbia department of health and welfare. The minutes of this meeting contain no reference to any remarks made by the said British Columbia officials which could under any circumstances be interpreted as a protest against the regulations. The only important comment of substance offered by the British Columbia representatives referred to that part of the disability definition which has to do with "permanency". In the opinion of the British Columbia authorities a stated number of years was preferable as the criterion of permanency to the wording contained in the regulation "to which the concept of cure cannot be applied". Apart from this suggestion, not a single critical comment on the regulations has been offered to federal authorities by the British Columbia authorities at any time from January, 1954, when the question was first discussed to the present.

MARITIME COAL—SUBVENTIONS ON WESTERN MOVEMENT

Mr. Buchanan:

1. What assistance, through federal subventions, has been given to the movement of coal from the maritimes westward to other provinces in the following fiscal years: 1950, 1951, 1952, 1953 and 1954?

2. What is the breakdown of amounts on shipments from Nova Scotia and New Brunswick for each of the above years?

3. Has any change in policy or the payment of these subventions taken place during the above years? If so, when and in what form?

4. Are figures available to show coal shipments from the Cape Breton area? If so, what quantities, and what is the amount of subventions in each of the above years?

Mr. Prudham:

1. The following assistance, through federal subventions, has been given to the movement of coal from the maritimes westward to other provinces in the undernoted fiscal years: 1949-50, $2,657,545; 1950-51, $1,399,030; 1951-52, $3,260,050; 1952-53, $4,777,335; 1953-54, $7,214,708.

2. The breakdown of amounts on shipments from Nova Scotia and New Brunswick for each of the above years is as follows: Nova Scotia coal: 1949-50, $2,653,604; 1950-51, $1,397,041; 1951-52, $3,257,627; 1952-53, $4,773,616; 1953-54, $7,127,469. New Brunswick coal: 1949-50, $3,941; 1950-51, $1,989; 1951-52, $2,423; 1952-53, $3,719; 1953-54, $87,239.

3. Policy generally has remained that of providing transportation assistance to enable the Canadian coals to meet the competition from imported coals in designated market areas. Consistent with this policy subventions during the years concerned have been increased and extended. The changes in payment have been effected by the relevant orders in council enacted from time to time during the period in question and these changes have been recorded in the annual reports of the dominion coal board.

4. Figures are available showing coal shipments under subvention from Cape Breton, but by calendar year only. These figures are given below for the years concerned.

Tonnages and Costs of Cape Breton Coal Shipped Under Subvention

	Net Tons	Amount
1950	1,093,781	$ 929,625
1951	2,220,506	3,002,685
1952	1,875,339	5,157,003
1953	1,809,247	5,960,764
1954	2,399,673	8,232,932

ST. JAMES, MAN., STORM SEWER

Mr. Churchill:

1. Is a storm sewer to be constructed from the Royal Canadian Air Force airfield in St. James to the Assiniboine river? If so, when and of what type?

2. What route will the proposed storm sewer follow through the municipality of St. James?

3. What is the estimated cost and what is the financial obligation, if any, of the municipality?

4. Has agreement been reached with the municipality as to the type of storm sewer?

Mr. Blanchette:

1. Yes. It is expected that construction will begin in the near future and that the sewer will probably be of the open cut type.

2. The exact route is still under consideration.

3. It is estimated that the cost of constructing the sewer will be epproximately $350,000. The municipality has no financial obligation in connection with this project.

4. An agreement was reached with the municipality for the point construction of a storm sewer to serve both the needs of the municipality and the R.C.A.F. station; however, the municipality has since advised that it wishes to withdraw from the agreement.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GRAIN ELEVATOR WEIGH-OVERS

Mr. Castleden:

1. Which (a) terminal elevators; (b) eastern elevators, were weighed over during the 1952-53 crop year?
2. What was the date of weigh-over in each case?
3. Who was the representative on the board of grain commissioners at each of these weigh-overs?
4. In which of these elevators was weigh-over deferred beyond the 22 month period?
5. During what period of time since 1950 has the position of assistant commissioner been vacant?

Mr. Dickey: Return tabled.

DEPARTMENT OF TRANSPORT—PEEL COUNTY EXPROPRIATIONS

Mr. Pallett:

1. How many parcels of land are affected by the Department of Transport expropriation plan registered in the registry office of the county of Peel on February 12, 1954, as No. 79365?
2. How many parcels of land so expropriated have been paid for?
3. For how many parcels of land has the amount of compensation (a) been determined; (b) not yet been determined; (c) been determined but not yet paid?
4. Where the land expropriated was farm land, what was the average price per acre?
5. Where parcels of land were lots on subdivisions, what was the average price per foot frontage?
6. What was the basis for determining the value of buildings?
7. Who are the property evaluators acting on behalf of the Department of Transport in this instance?
8. What experience have they had in doing evaluations?

TRADE

LEAD AND ZINC—REPORTED INCREASE IN UNITED STATES TARIFFS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. In view of recent reports that legislation is being considered in the United States to provide for an increase in tariffs on lead and zinc does the government intend to make a protest in respect to this proposal?

Right Hon. C. D. Howe (Minister of Trade and Commerce): At the last session of congress somewhat similar proposals were introduced, and at that time the government made representations. I think it probable that the government will make representations on this occasion.

Inquiries of the Ministry

BRIDGES

ALLUMETTE ISLAND—INQUIRY AS TO COMPLETION OF AGREEMENTS

On the orders of the day:

Mr. J. H. Proudfoot (Pontiac-Timiskaming): Mr. Speaker, I should like to ask the Minister of Public Works if the governments of Ontario and Quebec have signed the final agreements to build the Allumette bridge and, if so, when is work likely to start?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I thank the hon. member for giving me notice of his question. The answer to the first part of his question is yes, the governments of Ontario and Quebec have now joined with us in signing an agreement for the construction and subsequent maintenance of the proposed interprovincial bridge across the Ottawa river at Allumette island. Under the arrangement the federal Department of Public Works is preparing the plans for all the bridges involved and each government is to build its appropriate share. The federal government will build the centre span.

The plans for the Ontario portion were forwarded to the government of Ontario on March 11, 1955. They are being reviewed preliminary to tender call which should be ready early in April. The plans for the Quebec portion were forwarded to the government of Quebec on March 15, 1955, and it is anticipated that tenders will be called in the near future.

The federal Department of Public Works anticipates having the plans and specifications for the centre span completed and tenders invited by the latter part of May of this year.

PRAIRIE FARM ASSISTANCE

INQUIRY AS TO RECHECKS ON APPLICATION

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. In view of complaints made with respect to Prairie Farm Assistance Act payments, can the minister give assurance that a farmer wishing a recheck may have the same on application to the P.F.A.A. office?

Right Hon. J. G. Gardiner (Minister of Agriculture): Yes. The general practice is that a municipality makes application for payments in townships within the municipality. A check is then made from the office at Regina and a decision rendered as to whether payment is to be made. After

that announcement comes out appeals may be made, and are sometimes made on behalf of a whole township or on behalf of individuals. The practice is to check these from Regina. Anyone may apply to the Regina office, and unless there have been rechecks made before—and every complaint is already fairly well covered—further checks will be made.

ADMINISTRATION OF JUSTICE

CHAPUT CASE—QUESTION OF FEDERAL INTERVENTION

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, yesterday the leader of the C.C.F. party (Mr. Coldwell) asked me the following question:

Has the government received notice that the Chaput case will be heard at the next session of the supreme court? If so, does the federal government intend to intervene in this case as it did in the Alberta press act case to defend the basic and fundamental right of Canadian citizenship to enjoy freedom of worship, assembly, speech and person?

I replied yesterday as follows:

We are aware that the Chaput case will be heard at the next sitting of the Supreme Court of Canada. But since my hon. friend has given me no notice of his question, and I am under the impression that in the Chaput case we have received a notice from the supreme court itself, I should like to make a statement tomorrow covering this point.

Unlike the Alberta press case to which the hon. member for Rosetown-Biggar referred in the question he asked me yesterday, the appeal to the Supreme Court of Canada from the judgment of the Quebec court of queen's bench in the case of Chaput *v.* Romain, *et al.* arises out of private litigation in which the appellant sued the respondents for damages.

In this Supreme Court of Canada appeal the Attorney General of Canada has been served with a notice, given to the attorneys general of Canada and the provinces pursuant to a direction of the court, that the appellant will contend before the Supreme Court of Canada:

—that the Constables Appointment Act (RSQ 1941 c. 48) and the Provincial Police Act (RSQ 1941 c. 47) and all statutes of the province of Quebec that purport to authorize this action on the part of the respondent police officers are illegal, ultra vires, and unconstitutional, both on their face and as construed and applied as being outside the powers vested in the province by the British North America Act and contrary to "An Act Respecting Rectories" (S.C. 1852 c. 175). That the said police powers, on their face and as construed and applied, are an unconstitutional invasion of freedom of worship, freedom of assembly and freedom of speech.

The Attorney General of Canada, pursuant to this notice, intends to be represented by counsel upon the argument of the appeal and to present such submissions as counsel may advise.

[Mr. Gardiner.]

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. L. B. Pearson (Secretary of State for External Affairs) moved:

That items numbered 92 to 111 inclusive of the main estimates, 1955-56, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

He said: Mr. Speaker, this motion gives us an opportunity each year to review some of the important international developments which have taken place, and more particularly Canada's relationship to those developments.

Altough I may be required to speak at some length, I doubt whether I shall be able to cover all the points which will be in the minds of hon. members; but if matters arise during the course of the discussion on which I have not touched in my review I shall of course be glad to do my best to deal with them when I wind up the debate. Even a partial summary of these developments will indicate—this will be no surprise to the house—that Canada's international responsibilities have increased, are increasing, and with international conditions as they are, are not likely to diminish in the foreseeable future.

There are a number of reasons for this trend. One of them, of course, is the growing interdependence of all peoples and this, among other things, is the direct result of modern technical and scientific developments, especially in communications, which show no sign of slowing down. These developments certainly increase man's mastery over nature, and could make possible greater material welfare than he has ever dreamed of; but they also increase and make even more complicated relationships between nations.

Another factor, of course, bearing on our increased responsibility has been the striking growth of our country in strength and in authority. This has made possible an increase in the influence which Canada can exert on the course of international affairs. That influence in this day of super powers is not, or is very rarely, decisive. It may not always be very important; but a country like Canada with a special and close relationship to London and to Washington has unique opportunities through normal diplomatic and governmental contacts and in other ways to exert on occasion a special influence on those

capitals and thereby influence the course of events, and I hope in the right direction.

Our effectiveness in this regard, however, will depend not only on the way we accept and discharge our own international responsibilities but also on the reputation that we acquire and maintain for sound and objective judgment and action. In this respect we are, I think, very fortunate in having a good deal of credit on which to draw for use with both the United States and the United Kingdom governments and we should, of course, try not to dissipate it. A quick way to do that would be to issue bad cheques on that credit; and that applies to other countries, of course, in their relations with us.

These long term trends are continuing to emphasize the growing responsibility of Canada and other governments in the field of international relations, and in particular the responsibilities within our own governmental framework of the Department of External Affairs. In conditions of tension and cold war a country's foreign service is unquestionably a part of its first line of defence.

Now, Mr. Speaker, I wish to say something about the international situation within which the government's external policy has to operate. A few weeks ago, in connection with the debate on the accession of the Federal Republic of Germany to NATO, the house had a full discussion of the situation in Europe, which I take it need not be repeated on this occasion. I might say, however, that since that time the process of ratification of the Paris agreements has gone ahead and at the present time parliamentary action has been completed in respect of that ratification by the United Kingdom, the Federal Republic of Germany, Norway, Iceland, Portugal, Greece, Turkey, Italy and Canada.

The final stage—I devoutly hope it will be the final stage—in parliamentary consideration of this matter in Paris is taking place today and tomorrow. I think that action will be taken within the next day or so by the French government, with similar action to be taken by a few other governments, which would then make possible the restoration of freedom and sovereignty for the Federal Republic of Germany and the accession of that government to the Atlantic community.

I think, Mr. Speaker, that on this particular occasion hon. members would wish me to concentrate on the Far East, where after all the majority of mankind live and which at this moment provides more than one area of tension.

I believe it is advisable to examine these tensions against the proper background of political and economic movement. I suppose from the long term point of view the most significant of all political developments of the past decade, or indeed possibly the past quarter century, has been the national awakening of the hundreds of millions in those nations and their insistent demand for economic, social and political progress for a better life.

The emergence of Asian independent states in India, Pakistan, Ceylon, Burma, Japan, the Philippines, Indonesia, Korea, Viet Nam, Laos and Cambodia may well have the greatest possible significance to the future of humanity. So, too, but in a different way, may the development of a strong, centralized, despotic, communistic regime on the mainland of China. Canada has welcomed the growth of national freedom and democracy among the peoples of Asia, but the spread of communism in China and indeed in other parts of Asia and the actions of the communist rulers of the Peking regime that has now secured effective control of the Chinese mainland have caused deep and understandable anxiety in our own country and indeed in the whole of the non-communist world. At three points on the periphery of China there has been armed conflict in recent years, and in each case this has threatened the peace of the world. These three points are, of course, Indo-China, Korea and Formosa. I shall have something to say about each of these areas in a few minutes, but first I think it is important to put all of this in the framework of the growth of communism in Asia; which has ambitions to control and exploit the Asian peoples through a strong and autocratic communistic government in Peking. This problem of communism in Asia is certainly not a simple one, and there are no simple solutions for it. It will not be solved by merely denouncing it, and certainly not by ignoring it. It is more important to try and understand its origins and purposes and to discover the sources of its support.

The communist movement in Asia is not simply a conspiracy of evil and alien forces seeking power and domination; unfortunately it is more than that. It has secured too many followers who see in it, at least until they have acquired some experience of its workings in government, a means of improving the welfare and happiness of their own people and ensuring their freedom from western pressure and control. Therefore I feel we shall not make much appeal to the peoples of Asia unless we make clear to them that while we denounce communistic doctrines and methods we wholeheartedly support the ideals of these people for liberation from hunger, misery and outside domination.

To understand the people of Asia and to live in terms of friendship with them requires, of course, on our part and on the part of western peoples both patience and tolerance. It requires also an effort of imagination. We have to try to see ourselves as the Asians see us. It is difficult for us, for example, to understand the intense preoccupation of the people and the new leaders of free Asia with the question of colonialism and imperialism, because we know that the former imperial powers have already withdrawn or are not in a position to dominate, even if they would. The governments and peoples of those same erstwhile imperial powers are among our closest friends in the world and we see in them people who, far from being enemies of freedom, nourish it in Asia itself as elsewhere, and are now able and willing to assist new and unsteady regimes to master their political and economic problems.

From the facts of their own history Canadians should understand, however, the viewpoint of Asians that self-government is more important even than good government. We should understand also the mistrust and suspicions of those who for years have felt themselves—possibly not at all times justifiably—to be the victims of prejudice and at times of racial arrogance. If we remember these things now, we may be able better to understand why so many Asians fail to see as clearly as we do the gulf which divides communism from democracy, and why they are so reluctant to join our side without reservations.

Along with this feeling of nationalism and anti-colonialism which has contributed to the strength of communism in Asia, increasing attention is being paid now to the social and economic sources of communism. We have talked about this matter more than once in this house. It is, of course, an important aspect of the problem. No one would deny that hunger entices men to communism. The false promises of plenty are always an appealing argument to the destitute. We in the west have shown our awareness of this argument by various programs of economic and technical assistance. This assistance should help to reduce the impulse toward communism by raising the standard of living, and by proving that it is possible to do it without the loss of political freedom and within a democratic system.

But, Mr. Speaker, I suggest that we should not forget that these social and economic aspects are only one element of this complex problem. I think there is a danger of oversimplifying the issues in Asia in these terms. Confronted by the appalling defence and political problems involved in the emergence of a free Asia, it is easy to lapse into the comfortable belief that we can save Asia—and that is how it is often put—with economic aid alone; that we can buy off communism and purchase peace for ourselves merely by stepping up our economic assistance.

That, as I see it, is unhappily nothing but a comforting illusion; and in saying that I do not minimize the importance of such economic assistance. What we are seeking to do, of course, in the western world is help the Asian people to help themselves. That continent, I make bold to say, will not be saved or even, in the long run, helped by aimless assistance or by making political support a condition for such assistance, or by westerners attempting to assume the direction of political and economic forces in these Asian states, however benevolent their intentions. The danger to Asia comes from weaknesses which will not be removed merely by dumping in millions and millions of dollar or sterling aid for projects not carefully enough planned.

The west can help in this way, of course; but the west can help even more by cooperating in a partnership of mutual understanding, respect and support with genuine leaders of the Asian peoples. Democracy—and it does not necessarily need to be our type of parliamentary democracy—can be established in those areas only by the efforts of the people themselves. Therefore, as I see it, the main problem at this time for Asians is to organize, as some Asian states have done, governments and administrations which are strong enough, free enough and incorruptible enough to make use of western assistance and support in helping to establish the conditions of law and order, freedom and prosperity which alone can counter the appeal of communism.

Mr. Speaker, I do not know of any place where a more significant effort is being made to work out these problems with all their ramifications along all the sectors of this front than in Indo-China. I should therefore like to say a few words about the situation there, more particularly because of our participation, with India and Poland, in the supervision of the cease-fire settlements in Indo-China.

The settlement reached at Geneva last July comprised cease-fire agreements for Viet Nam, Laos and Cambodia. These provided for the establishment of three separate international supervisory commissions, each made up of representatives of India, Poland and Canada, and each charged with the task of supervising the carrying out of the cease-fire agreement for the particular country

to which it was assigned. In each case, however—and this point is sometimes forgotten—the execution of the terms of the cease-fire agreement is the responsibility of the two sides directly concerned. The international commissions have no enforcement powers and their functions are purely mediatory, judicial and supervisory.

In Viet Nam the main provisions of the cease-fire agreement for withdrawal and redeployment of French forces from north Viet Nam and Viet Minh forces from the south have so far been carried out reasonably well. This regroupment process which is to be completed, I believe, by May 18 has taken place without serious incident and is now well advanced. That is no mean achievement. I think we can take some satisfaction from the knowledge that the international commission, with Canadian membership, in its supervisory role and through mediation has helped to bring about this situation.

In relation to those clauses of the cease-fire agreement designed to maintain the military status quo and forbidding the introduction into Viet Nam of fresh troops, arms or munitions except on a restricted replacement basis, the international commission through its inspection teams, fixed and mobile, has tried to maintain a check on men and materials entering the country. It has taken some time to establish the inspection machinery which is required for this purpose, and I certainly am not yet in a position to say how effective it will prove to be.

In other parts of the world we have already had some experience with the difficulties encountered by international commissions with communist representation in an effort to police activities of this kind. Hence in Viet Nam, if one of the parties to the agreement is determined to circumvent these provisions of the agreement the international commission is not likely to be able to prevent it, though the inspection activities which are possible and which are being undertaken will certainly make, and indeed are making, violations more difficult.

With respect to those provisions of the cease-fire agreement relating to the right of democratic freedom and the movement of refugees, the record is not satisfactory. This has been a matter of great concern to us in view of our responsibility on this commission, because it has involved the fate of many thousands of Christians who have suddenly found themselves under the hard and intolerant rule of a communist administration. Our own representative on the Viet Nam commission has spared no effort to see to it that the commission does all within its power to facilitate the movement of persons from one zone to the other as is provided in the armistice agreement itself. In this the commission has had some success; but it has also encountered difficulties, particularly, it is fair to add, because of the obstructive tactics of the communist government in northern Viet Nam. But here again it must be remembered that the responsibility for carrying out the terms of the agreement rests solely with the parties, who must cooperate with at least a minimum of good faith if the provisions of the armistice are to be properly implemented. All the commission can do is mediate, supervise and conciliate; it cannot enforce.

Notwithstanding these limitations on its powers and certain delays and obstructions that it has encountered—and they all have not been in the north—it is true to say that thousands of refugees from the north are now free in southern Viet Nam because of the international commission. As a matter of fact I think there has been a movement southward of something near half a million refugees. Most of them of course went south before the commission was established.

Our responsibilities on the supervisory commission in Viet Nam do not at the present time extend beyond the supervision of the implementation of the cease-fire agreement. The governments represented on that commission have not received any invitation or directive from the Geneva conference powers with respect to the supervision of elections that are to take place in due course in Viet Nam, as envisaged in the final declaration of the Geneva conference. It is expected, however, that we will be asked to do this along with the other two governments represented on the commission. So far as we are concerned, the responsibilities and procedures regarding the holding of elections would have to be defined satisfactorily and clearly by agreement between the parties concerned before we would be willing to undertake specific tasks in that connection as members of an international commission.

Now, Mr. Speaker, just a word about Laos, the second of these three countries. The main problem facing the commission in Laos has to do with the two northern provinces of Phongsaly and Samneua where the fighting forces of the so-called Pathet Lao, which have communist support, were concentrated pending a political settlement and their subsequent reintegration into the national community of Laos. So far as these northern areas of Laos are concerned, all you have to do is look at a map of that part of the world to realize their strategic importance, standing

as they do between northern Viet Nam and Thailand. These northern areas have been the scene of numerous incidents involving both the communist Pathet Lao forces on the one hand and the royal Laotian forces on the other, and for which the former must bear the main share of responsibility.

Unfortunately, the commission's teams have not always been able to investigate these incidents as promptly or as thoroughly as was desirable. There is always a lack of communication facilities in that part of the country, and I am bound to say there has been no lack of communist obstruction. It is to be hoped that this state of affairs, which has caused us real anxiety on the commission, will be remedied. On the whole, however, the military provisions of the Laotian agreement have been fairly satisfactorily carried out, and I think the presence in that country at this time of an international commission has done a great deal to prevent a recurrence of open and possibly serious hostilities.

The third country in which we are involved is Cambodia. Perhaps the most important problem there is reintegrating into the national community the indigenous resistance forces, which again have received communist support. It is our hope that Canada, as a member of that commission, will be able to help pave the way to a prosperous and peaceful future in that country. It was reported a few days ago in the press that the king of Cambodia abdicated because of the unjustified interference of the commission in domestic concerns of that country, more particularly in his desire to have the people vote on a new constitution. There is no ground for that charge, nor has there been any unwarranted interference of any kind by the commission in the domestic affairs of that country. Some intervention has been necessary under the terms of the armistice. The commission has not gone beyond those terms.

Before going on to other matters I should like to pay tribute, and I know the house will agree with me in this, to the very fine and unselfish work which is being done by our people in Indo-China, not only by the chief commissioner, a very distinguished Canadian who has served his country well both in peace and war, Mr. Sherwood Lett, and the other Canadian commissioners who are members of the external affairs department, but by all the members of our armed services and our foreign service, numbering now something over 160, who are in these three countries. Many of them have to work and live under conditions of discomfort, hardship and even danger. They are, however, carrying out their difficult assignments with resourcefulness, with devotion, with patience and skill. Theirs is an important contribution to the maintenance of peace in Indo-China, and they are making a fine impression wherever they work as representatives of Canada.

I should like particularly to pay my deep respect to the memory of Mr. Jack Thurrott, one of our department's foreign service officers, who had his promising career cut short in Indo-China when he met with a tragic accident while serving as political adviser to the Canadian commissioner in Laos.

To the question as to how long Canadians are committed to serve with these commissions in these far-off countries, the very names of which were unfamiliar to most of our people only a short time ago, there is no simple answer. The agreements themselves are not specific on the point. We intend to keep our representatives there as long, but only as long, as they can make a useful contribution to the implementation of the armistice agreement reached at Geneva, and therefore to peace in that part of the world.

The second sector of the three I have mentioned is Korea. The last time I reported to the house on Korea was on June 11 last. I said then, referring to the Geneva conference which was then meeting, that if some satisfactory answers were not soon forthcoming from the communist side of that conference on the matter of free elections and all that implied, and if the communist powers at Geneva were not prepared to agree to international supervision of an election by a workable commission acceptable to the United Nations and composed of genuine neutrals, the United Nations side might shortly have to consider whether it was worth while continuing the effort at Geneva to reach agreement for the peaceful unification of Korea.

Shortly after I made that statement the communist representatives at Geneva made it crystal clear that they would neither agree to a Korea united through genuinely free elections nor accept the mandate of the United Nations mission in the divided peninsula. So the conference ended on June 15, as there was no useful purpose to be served in continuing it.

Subsequently the participating member states on our side informed the United Nations in a joint report of the failure of the conference. When the last session of the general assembly reached the Korean item on its agenda the communists had not at that time given any indication of a change in their position, so the assembly could make no move last autumn in New York toward the achievement of peace and unification on any satisfactory basis. All that could be done was to pass a resolution, and that was done by a vote of 50 to 5, approving the report reaffirming the United Nations objective in Korea,

and expressing the hope that progress toward this might soon be made. Should the communist position on these matters change we would favour resumption of negotiations.

How could such negotiations best be conducted if the circumstances were propitious for them? The Korean question remains before the United Nations; yet it is clear now, of course, that it cannot be peacefully resolved without the concurrence of the North Korean and Chinese communist governments, governments which are not members of the United Nations and which have defied its charter.

At Geneva negotiations were conducted outside of the United Nations but in conformity with its principles. If further efforts to unify Korea peacefully are to be made then the United Nations will have to face the problem of finding an acceptable procedure for sponsoring negotiations which, to have any chance of success, will have to include these two non-members, North Korea and communist China.

And now, Mr. Speaker, I should say something about Formosa, the third sector of what I might call this Far Eastern front. I should like to try to explain as briefly as possible why the situation which has arisen in the Formosa strait is so worrying, and indeed so potentially explosive; particularly our own concern with and relationship to that situation. On the substance of the matter I have not very much to add to what I said in the house in January and last month, because the policy I stated then has not been altered. But there have been certain new developments.

It is reassuring, for instance, that the evacuation of thousands of civilians and soldiers from the Tachen and Nankishen islands has taken place without any serious incident. The decision to evacuate these islands was, if not an easy one, certainly a wise one for the Chinese nationalist government to make. The Chinese communists wisely did not attempt to interfere with these operations. Their completion without warlike incident does show at least that hostilities can be avoided in operations of this kind if restraint is exercised on both sides.

There is naturally much concern in all our minds—and that concern has been voiced in the house—as to what the Chinese communists have in mind regarding Formosa and those few coastal islands which still remain in the hands of the Chinese nationalists. It is devoutly to be hoped that the Chinese communists do not, by the use of force, renew the war over those islands, the consequences of which might spread further. Yet their words do not give us much comfort in this regard, if we are to judge their future actions by their past words.

It has been argued, especially by some of our Asian friends, that the leaders of the Peking government are inspired more by Chinese than by communist aspirations; more by the desire to work out a national revolution than to precipitate an international one by interference in the affairs of their neighbours. True, they have embarked—that is the Peking government—upon an enormous program of industrial and agricultural development, and it would seem foolhardy for them to risk all this in military adventures. Unfortunately, however, it is not possible to count upon the wisdom or restraint of a regime of this kind. The combination of national revolutionary fervour with the messianic delusions of communist ideology have in the past and can in the future prove dangerous. The Chinese communists may not be intent upon a career of Asian aggression and expansion, but their determination to pursue what they claim to be their legitimate interests has already led them to ignore the legitimate interests and security of other peoples, and may do so again. And that possibility certainly contains a serious threat to peace.

And so we cannot ignore in this connection the communist intention, loudly and frequently proclaimed, to attack and occupy Formosa and the islands. We can, however, having regard to declared United States policy to help in the defence of Formosa, retain strong doubts about their capacity to achieve this objective in the near future by any direct assault. To maintain an amphibious or airborne attack 100 miles across the Formosa strait would be a hazardous operation for a land power like communist China and would certainly strain its as yet limited resources, much more than did the operations in Korea.

The chairman of the United States joint chiefs of staff, Admiral Radford, was asked in an interview a few weeks ago what he thought of the Chinese communists' ability to carry out their threat to, as they put it, liberate Formosa. Admiral Radford's reply was:

> They cannot do it at this time. They just do not have the military capability to carry out an amphibious operation of the scale required, particularly in view of the announced United States position and the immediate availability of United States naval and air forces to counter such an operation.

That was Admiral Radford's conclusion, and that same conclusion has led many to doubt that the communists have in mind an invasion of the coastal islands of Quemoy and Matsu as a prelude to or part of an attack

on Formosa. In any event, it would be tragic if widespread hostilities, or indeed hostilities of any kind, were to develop over the possession of these two islands which are, in effect, part of the Chinese mainland, and the strategic role of which would seem to be more important in the defence of that mainland against attack than in offensive action against Formosa and the Pescadores.

This problem of Formosa and the coastal islands is one of the most difficult which the free world at this moment has to face. It is one on which it is possible for friends and allies to honestly hold different opinions. Although the basic issues between the free world and the communist world are clear enough, we have here a dispute in which that clarity is not, to say the least, obvious. On the one hand, I think we have to recognize that in dangerous times like these positions which are demonstrably of tactical or strategic advantage in the struggle with communist aggression or imperialism cannot lightly be abandoned in the face of communist threats by those who hold them. Formosa is considered by many to be one such important position. There is also—and this has been particularly emphasized in Washington—the political problem arising out of the bad effect on morale in Formosa and in neighbouring free Asian states, if further losses or retreats take place in the face of Chinese communist attack or pressure, or both.

Then, finally, the people of Formosa, about whom we do not hear very much, unfortunately, in connection with these matters, and those Chinese from the mainland who have fled there from communism, have a claim to consideration, both in respect of proposals to hand them over to a communist regime against their will, and in respect of proposals to involve them in a Chinese civil war without any regard to their own wishes.

So, in a situation as complex as that, it is not surprising that there are doubts and divisions among the governments and the peoples of the non-communist world. But it would be a sorry development if these were allowed to split or seriously weaken our peace coalition. It is true that some members of that coalition, including Canada, cannot subscribe to all aspects of United States policy in this Asian area, especially in regard to the coastal islands. But we are certain, I am sure, that that policy is not intended to lead to conflict. Personally I am satisfied that those who are directing it in Washington feel that it will help to avoid rather than provoke conflict.

In any event, Mr. Speaker, it is United States policy determined by the United States and embodied in a bilateral security treaty which she has signed with the Chinese nationalist government. Canada, of course, is not a party to or not committed by that treaty or that policy. We certainly have the right to comment on that policy but we should be careful, I suggest, that our comments on it are constructive and responsible, and not merely negative and divisive. Carping and unbalanced criticism is, to say the least, unhelpful at this time, or indeed at any time.

What is the United States position? In regard to Formosa itself, as I have said, the United States is firmly committed to its defence by treaty, even though the legal and political status of that island may be uncertain. But—and this is often forgotten—that same treaty gives the United States the right to restrain aggressive Chinese nationalist action from Formosa.

What about the coastal islands of Quemoy and Matsu, the immediate point of armed conflict between the two Chinas, and therefore the point of most immediate danger? United States policy here is based on acceptance of the responsibility to make secure and protect "positions and territories" which, in the judgment of the President, "are necessary to, or related to the defence of Formosa." That does not involve a commitment or a purpose, as Mr. Dulles put it in New York on February 17, to "defend the coastal islands, as such"; but, he added, the Chinese communists themselves have "linked the coastal positions to the defence of Formosa". Therefore, in his own words, the United States "will be alert to Chinese communist actions, rejecting for ourselves any initiative of warlike deeds".

As I understand it, this is a warning to the Peking government not to use force against these islands, preparatory to attack or as a build-up for an attack on Formosa. The President alone has the power to decide at the time whether such an attack is local against the islands or a stage in an assault on Formosa itself. Mr. Dulles restated that position on March 8, and he added something to his earlier statement when, in discussing the responsibility of the President in this matter, he said:

> How to implement this flexible defence of Formosa the President will decide in the light of his judgment as to the over-all value of certain coastal positions to the defence of Formosa and the cost of holding these positions.

Well, that is not going to be an easy decision for the President to make if unfortunately the time ever arises that he has to make it. If it has to be made, I am glad the decision is in the hands of a man like President Eisenhower, a man of character and integrity, with a passion for peace.

On their part, the Chinese communists insist that these islands are part of the mainland of their own country and that if Chiang Kai-shek's troops do not evacuate them they will be driven out.

The possibility of serious trouble arising out of these conflicting positions is obvious and creates understandable and real anxiety, because the consequences might involve more than the two Chinese governments.

The Canadian position on this matter has been stated in the house, Mr. Speaker. We have accepted no commitment to share in the defence of either Formosa or the coastal islands, or to intervene in any struggle between the two Chinese governments for possession of these offshore islands. Our obligations in this matter arise only out of our responsibilities as a member of the United Nations, and I have stated in this house what those are. We also think that a distinction, politically and strategically, can be made between Formosa and the coastal islands; also indeed between Formosa and Korea. Nevertheless, the fact that we have no commitments certainly does not mean that we have no concern. We have a deep and abiding concern because of considerations which make isolation from these questions wellnigh impossible.

There is first our general concern with peace and anything that might threaten it. Then there is our special concern with United States policy from the consequences of which Canada, a North American country, cannot escape. Finally there is our close concern with anything that weakens—as this question may—that coalition the strength and unity of which, under the leadership of the United States, is at present the strongest deterrent against communist aggression and war.

I have said, Mr. Speaker, only recently, as many others have said before me, that it would be impossible, in my view, for either the United States or Canada to be neutral if the people of the other country were engaged in a major war in which their very existence as a people was at stake, and that in working out our foreign and our defence policies we can never forget that fact. By "we" I mean the United States as well as Canada. I think that is self-evident. It is one of the facts of international life which we, and indeed other countries, have accepted. We in Canada have already recognized that fact by our membership in NATO. We have recognized it also in our North American continental defence arrangements which are and must be, to be effective, on a joint basis and closely co-operative.

Canadians, and I believe Americans also, understand and accept the inescapable interdependence of Canada and the United States in the policies required for our joint security and for the preservation of peace. We cannot, therefore, isolate ourselves from the implications of that interdependence, if either country were ever attacked by an aggressor. If these implications at times cause anxiety on our part, as they do, we certainly would have far greater cause for anxiety if there were no recognition across the border of any such mutual security and defence relationship, or no recognition of our right to make our views known on matters which may be primarily the responsibility of Washington.

There are two main reasons, I think, why the people of Canada do understand and accept this situation. The first is that any war in which we were jointly engaged would be a defensive one. It is inconceivable to Canadians, it is inconceivable certainly to me, that the United States would ever initiate an aggressive war. It is also inconceivable that Canada would ever take part in such a war.

The second reason, as I see it, is that the only aggressive force that threatens us today, or that could commit a major aggression, is communist imperialism. Does anybody believe that we could or should keep out of an all-out struggle precipitated by communist aggressive power which, if victorious, would end everything that makes for free and decent existence?

That, then, Mr. Speaker, is the meaning of the proposition I have advanced, of the inevitability of close, co-operative arrangements with the United States in maintaining the peace and in joint defence against a major attack. This means, as the United Nations and NATO meant, that our right to be neutral has been limited by our desire to strengthen the security of our country and protect the peace. It does not mean, although I have heard it misstated in these terms, that whenever the United States is engaged in any kind of war, we are at war.

Only the other day I was reading an editorial in a Canadian paper which analysed very correctly what I was trying to say in Toronto the other day. After reading that editorial I went on to read a news story about the same subject and over that news story in large red type were these words: "U.S. Wars are ours". Nothing I have said today, or nothing I have said before, means that.

It certainly does not mean that we must participate in limited or peripheral wars,

although because of the danger of such wars spreading it gives us the right and the duty to express our concern, not only in Washington but also in London or in the United Nations or in NATO, over situations or policies that might lead to conflict. It also makes it imperative on all of us to prevent local conflicts, not only because they are war —war is war whether local or general—but also because they can spread and cover the world. In that case there would be no future for any of us, because a war that covered the world would be a nuclear war.

This view that we could not be neutral in a major war when the very existence of the people of the United States was at stake, far from representing an abdication of responsibility for our foreign policy, extends and deepens that responsibility. It underlines our right and our obligation to concern ourselves with and make our views known on the policies of others, especially of the United States, when questions of peace and war are involved. Its possession of the greatest power in the world gives us, I think, the right to be especially preoccupied with the policies of the United States. It makes consultation and a continuous exchange of views imperative. It emphasizes our obligation to do everything possible to avoid every kind of war, big or little.

That is one reason why we were so glad to welcome to Ottawa in recent days the secretary of state of the United States, and to discuss with him very frankly and very fully United States policy and our own policy on these matters. It has been argued—I commend this to the hon. member for Winnipeg North Centre (Mr. Knowles)—that if the Americans know we accept the proposition that in the circumstances I have mentioned Canada and the United States must stand together, Washington will no longer pay much if any attention to anything we say; they will, if I may use a colloquialism, feel that they have us in the bag. Of course the exact contrary is the case, as is shown by the reply Mr. Dulles made to a question asked at his press conference in this city last Friday. I should like to put this question and answer on the record, and I quote:

> Q. Mr. Pearson said that in the event of a major war it would be impossible for Canada to stand aloof if the United States was at war. Some people interpreted that to mean the United States can now count on Canada in an emergency and therefore you will not pay as much attention to any protest against American foreign policy you get from Ottawa.
>
> A. It is decidedly not true. The extent to which our countries can count upon each other depends primarily upon whether or not we each conduct ourselves in a way which wins the moral approval and support of the other.

Then he went on:

> Now there are, to be sure, explicit engagements which are expressed in the North Atlantic treaty. Aside from that, the question of whether we support each other depends on the judgment that each country has of the other. I would not expect that Canada would blindly support the United States and I suppose the Canadian people would not expect to count on the support of the United States if they should engage in a venture which alienated public opinion in the United States.
>
> It is highly unlikely that those contingencies will occur, because we do have the same ideals, and because we do keep in touch with each other. Common action depends, for its mainspring, upon what our declaration of independence calls "a decent respect for the opinions of mankind". That relationship makes it sure that each of our countries will seek and pay heed to the views of the other.

Mr. Dulles also had something interesting to say in reply to one other question at the same conference, and I quote:

> Q. Mr. Secretary, in the present situation around Formosa and the offshore islands, if something should arise does the United States count on the support of Canada?
>
> A. That is entirely a matter for the Canadians to decide for themselves. There are no treaty engagements of any kind other than perhaps the United Nations charter which create any obligations on the part of Canada in relation to that part of the world. Therefore, we do not count on them in the sense that there is any obligation or undertaking. Naturally, we always hope and believe that our conduct will be such as to win the moral support and approval of other free nations, and particularly of the Canadian people.

While believing strongly in the view that the destinies of our two countries are intertwined in the way I have already indicated and as Mr. Dulles has indicated, as well as many others, I want to reaffirm my view that we could not stand aloof from a major war which threatened the very existence of the people of the United States; but I must add in all frankness that I do not consider a conflict between two Chinese governments for possession of these Chinese coastal islands, Quemoy or the Matsus, to be such a situation, or one requiring any Canadian intervention in support of the Chinese nationalist regime. That view has already been made known more than once to our friends in Washington.

What I fear most in this matter is that even limited intervention, defensive in purpose, by the United States might have a chain reaction with unforeseen consequences which would cause the conflict to spread far beyond the locality where it began, and even across the ocean. If a little war were to spread like this it could become literally the little war before the last. That is why, may I repeat, we in Canada are definitely and deeply concerned in this particular issue, as we would be in any other peripheral conflict involving

the United States, even though we might have no commitments in regard to it which would put us under any obligation for participation, except that which would flow out of our United Nations membership.

That is also one of the reasons we have to keep in the closest possible touch with Washington, as well as with London and New Delhi and other friendly capitals, on all these matters, and more particularly on these Formosan matters. I have personally more than once made known our views, our serious doubts and anxieties to the secretary of state on this matter and have received from him a full statement of the United States position and the reason it has been adopted. He has confirmed the view, which I have already expressed, that there is no aggressive purpose of any kind behind that United States position.

It seems to me that the first requirement at the moment for the avoidance of conflict is for both Chinese sides to refrain from using force, particularly—this is the immediate danger point—against or from the coastal islands, but also against or from Formosa. We can certainly agree, I think, with Mr. Dulles when he said in New York in that speech which I have already mentioned:

> We do not expect the Chinese communists to renounce their ambitions. However, might they not renounce their efforts to realize their goals by force?

If the Chinese communists have a case in this matter, then there are ways and means by which civilized countries can attempt peacefully to settle these disputes, both inside and outside the United Nations. An effort has already been launched in the security council to bring about a cease-fire as a preliminary to a political settlement based on reason and justice. The response to this initiative by the Peking regime was a summary refusal, but the council has shown great restraint in order to keep the door open for a peaceful solution whenever this can be obtained.

For the moment, however, I think there is a greater chance of finding a solution by direct diplomatic negotiation, which is presently going on, than by the use of the security council or even by calling a conference outside the United Nations. The main difficulty in the first case, a meeting of the security council, arises over the fact that the Chinese communist government is not a member of the United Nations and now refuses to participate in a United Nations meeting at which China is represented by the Chinese nationalist government. The main difficulty in the second case, a conference outside the United Nations, is, I think, that it would be premature at this juncture, even if it were possible to get the two Chinese governments into the same room.

Although efforts that have been made have not yet resulted in any solution, we do not need to despair or abandon these efforts, which as I have said are taking place through diplomatic channels. What has been accomplished has revealed indications on the communist side of at least a desire to avoid all-out war.

In the age of the hydrogen bomb a readiness to negotiate may be inspired not by love but by fear. Whatever may be the cause, there is some reason to hope that all the parties concerned may at least be looking for a solution which they could dare to accept. If this is the case, then it would be great folly to miss any opportunity for negotiation which might present itself; even worse folly to destroy all such peaceful possibility by falling back again on the use of force. If a settlement could be reached over this most acute of all recent disputes, the free world might conceivably find itself in a position from which it could proceed, even if slowly, laboriously and fitfully, to establish a framework of peace and political stability in the Far East. The search for that peace and stability may require strong defences, but no solution will be found merely by putting a sterile reliance exclusively on those defences. That is one reason why I should say a few words, Mr. Speaker, about the disarmament discussion which is taking place in London at the present time, and concerning which some questions have been asked in this house.

As hon. members know, there is a subcommittee of five powers, and Canada is one of them, now meeting in London to discuss the limitation of armaments that are now ironically called both conventional and atomic weapons. That subcommission of five is meeting again after having met last spring as a result of a United Nations assembly resolution last fall with which my hon. friend the Minister of National Health and Welfare (Mr. Martin) had a great deal to do. That meeting in London is taking place in the awful shadow of the hydrogen bomb, which should be incentive enough for achievement. Hon. members will recall that last spring four-power proposals were put forward for limitation of armaments, atomic and conventional, by stages, with effective and complete control and inspection at every stage.

I cannot say much about what is going on in London because those meetings are being

held in confidence; and although *Pravda* in Moscow, the organ of the Soviet government, has today given a contentious and distorted account of what is happening there and has broken the confidence to that extent, I do not propose to follow that example. I can say, however, as I said the other day, that while the lack of progress is discouraging that is no reason why we should call off the negotiations. It is far too early to say yet that these negotiations must break down in failure and futility. There is every reason why they should not. If they can only succeed in taking one step forward that would do something to remove that fear in the world which is the father of armaments.

It may also be, Mr. Speaker, and I do not want to go into the details of this, that the introduction of the H-bomb into these discussions has really brought in a new element, and it may be that all of us will have to take a new look at this problem. The approach we have been making in the past has depended for any success on an agreement over a complete and foolproof system of international control. That is going to be more difficult than ever in the light of these new weapons which lend themselves even less than previous weapons did to such inspection and control. But without some kind of control and inspection which would give us a basis for confidence in any agreements reached being observed, any disarmament proposals under the present circumstances of fear and contention would merely be a cruel and hypocritical delusion and could be put forward only for propaganda.

The stakes are too high in this matter to call any discussions off quickly. We are told by scientists there is no means of ensuring complete or even adequate defence against these nuclear weapons and the means of carrying and dropping them on great masses of people. Therefore we must concentrate more than ever not only, I suggest, on the limitation of armaments, important though that may be, but in the search for measures which will prevent war itself. What is certain is that the control of our power to destroy ourselves is a subject of such desperate importance that if either side should use it as a means of propaganda or counter-propaganda it would be utter folly and might be supreme tragedy.

There are some who get comfort out of the conclusion that those new weapons are so annihilating that no side will dare use them if it is certain that the other side will retaliate and has preserved the means to do so against surprise destruction. It was said by an authority whose words we always respect—I refer to Sir Winston Churchill—in the House of Commons in London the other day:

> "It was an ironic fact that we had reached a stage where safety might well be the child of terror and life the twin brother of annihilation."

In other words, according to this view peace instead of resting on a balance of power now rests on a balance of terror. I think, Mr. Speaker, that in one sense it is true that the greatest deterrent against a general war, although not against a limited one, is the certainty of nuclear retaliation. In present circumstances that may be our best safeguard. If that is true it may give us some time which can and must be used for continuing the persistent and patient search for the solution to international problems and for the easing of international tensions. If we do not find such agreement and understanding then peace, such as it is, will be balanced on a hydrogen bomb or, to use the words which Mr. Nehru used a few weeks ago in London:

> "Mankind would be doomed to hover indefinitely on the brink of catastrophe."

To avoid such a fate, Mr. Speaker, demands, and I know it will receive, all the support, all the strength, the energy, wisdom and faith of every member of this house.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, first I want to say to my hon. friend that he has covered several of the issues with clarity and authority, but there is one matter he did not deal with. No doubt the Prime Minister (Mr. St. Laurent) will deal with that, pursuant to the promise he gave to the house in February—I refer to the commonwealth prime ministers' conference—so the house and the country will have some idea, over and above the sketchy outline that has been given to date, of what took place at that historic conference.

This debate affords the opportunity to discuss those matters that are of pre-eminent interest to the Canadian people, in the world of today, as well as to provide for the submission to the committee on external affairs of the estimates of the department. The minister stated that while Canada's influence is not always decisive, it is one of co-operation, and referred to the contribution made by the officials of his department in various parts of the world.

I think it is well that deserved tribute should be accorded to those who serve Canada in all parts of the world. When abroad I have had the privilege and opportunity of seeing the work done by members of the Canadian diplomatic corps. The

career men are outstanding. Among others I think of Dana Wilgress, Mr. Robertson in London, Mr. Désy in Paris and Mr. Dupuy in Rome. These men and others that could be mentioned bring us honour by the representation they give Canada in those countries. If I may be allowed to do so I should like to refer to the contribution made by my own constituency in the persons of two former members of the bar in the city of Prince Albert, Mr. T. C. Davis and Mr. W. F. A. Turgeon, whose appointments have given satisfaction in the lands in which they have served and have redounded to the credit of Canada.

However, with respect to foreign representation, I feel that consideration should also be given to increasing the number of non-career diplomats, not to the extent that they constitute a majority, but to the end that the non-official mind will be available for the consideration of the problems that arise in the various countries in which they would represent Canada.

The minister referred to the increasing importance of Canada. That increasing importance has been shown by the fact that in recent weeks a number of outstanding leaders of world opinion have visited this country. Included in that number are the Prime Minister of Pakistan; the Prime Minister of Australia; Paul Henri Spaak of Belgium; the latest visitor to our country, John Foster Dulles—to whom I intend to refer in a moment—and today, the Prime Minister of Italy. The fact that they visit Canada and consult with the representatives of Canada is indicative of the importance of this country, in their view.

Mr. Dulles made a profound impression on Canadians during his recent visit. He spoke with authority, restraint, ability and a knowledge of world affairs that opened up new vistas in the thinking of those who were privileged to hear him and meet him. When he returned to Washington he used words that I think are particularly applicable on an occasion such as this, and are pertinent to the concluding remarks made by the minister:

> The goal of our nation's foreign policy is to enjoy in peace the blessings of liberty. Peace is the product of many wills and not merely of one alone. In the past it has been necessary to forgo peace in order to assure the possession of the blessings of liberty. We dare not be blind to the fact that that may happen again.

In those words are epitomized the words of the minister in the concluding paragraphs of his speech. One of the reasons for Canada's importance in the world is that we are the nearest neighbour of the United States and of the U.S.S.R. As Mr. Dulles said on the occasion of the press conference, the U.S.S.R. is unlikely to win a general war unless it can knock out quickly North America's industrial power, and for that reason measures must be taken by the United States and Canada—

> —to assure that the great reservoir of the strength which resides in this continent shall not be subject to quick destruction.

The objective of our foreign policy is the achievement of peace. If ever there was a time when Canadians should speak with restraint and with a realization of the part that Canada will play in defence in the future should war ever come, that time is now. I feel that in this country there is a campaign of anti-American feeling, a dangerous luxury in the position in which Canadians are.

I shall refer to some events which have happened recently and which are discouraging. In southeast Asia the danger is great because of the march of communism and the industrialization of China that is taking place. With vast industrialization under way the pressure for markets in southeast Asia and Asia generally carries not only peril to the defence against communism, but is something to be considered by Japan, whose recent elections assured that communism has made no impression upon the people of that country.

The next two days are days of tremendous importance, as the French parliament faces the problem of the ratification of western European union. All will hope for the ratification by France of the organization of free nations that has been set up and without which peace in the world and a bulwark against communism may well be denied.

Yet there are other things that are favourable. I think one of the most symbolic moves in recent days, a move of great significance in a war-shadowed world, was made by President Eisenhower, to whom the minister referred in such proper terms, when in appointing Harold Stassen as secretary of disarmament he assured the world that the goal of the United States is peace. This is the first occasion in the history of mankind that a direct effort has been made to make peace one of the individual achievements and ideals of a country. On the other hand, of course, we have the statement of Zhukov a few days ago, on the occasion of the 37th anniversary of the Soviet army. He said that the aggressive forces of the imperialistic countries, headed by the United States monopolists, are openly preparing a new war against the Soviet union and the Chinese people's republic.

That is their story, but I believe the appointment of Mr. Stassen, with his magnificent record of unselfish service internationally, even if it does nothing else, will

have a psychological effect in assuring doubtful peoples in various parts of the world that the United States does not have its finger on the trigger. The ratification of western European union by the various countries mentioned by the minister gives hope for the future. On the other hand, the mobilization of the U.S.S.R. and the seven puppet states that are today united in a military organization under Soviet command makes one pause.

No problem we face can be greater than this. Our aim and desire is peace, yet every minute of every day $165,000 is being expended throughout the world on armaments. That is the expenditure today on the preparation of armaments in every part of the world. One sometimes wonders whether Liddell Hart was not justified in the statement he made the other day, that it is very questionable whether much of the defence planning and expenditure since 1945 has been realistic.

I come now to the reference by the minister to the need of assistance to countries in Asia. He indicated that the armies of communism march on the empty stomachs of their potential recruits. I think it was Gandhi who, as I recall, said that to the millions who have to go without two meals a day the only acceptable form in which God dares appear is food. The minister spoke of the solicitude of the government, the fact that hunger entices men, and communism is thereby encouraged.

I ask the minister whether the precepts he has declared have been carried out in the recommendations of the government which he represents. What of the Colombo plan? What of this plan that is to assist mankind by raising living standards in various parts of the world? With pomp and ceremony the nations of the world met here last October. On that occasion the Prime Minister made a speech in the form of a prayer. He said:

> May an all-wise Providence, ever attentive to the efforts of men of good will, look with favour upon our efforts to assist each other.

As one newspaper said, graceful speeches do not feed hungry nations. One of them even went so far as to indicate that the minister alone of the members of the cabinet to which he belongs is a strong believer in the need of action in this direction. What are we doing? We are making pious declarations but are not coupling those declarations with effective action through votes in this connection placed before parliament. I do not believe in extravagant promises. My hon. friends to the left speak of a billion dollars.

[Mr. Diefenbaker.]

Personally I think such a figure is as unrealistic as the present contribution of Canada is out of keeping with Canada's responsibilities.

The minister spoke in powerful language and phraseology of the tremendous advantages of movements such as this; yet the government of Canada intends this year to increase the contribution of each and every Canadian by 15 cents per person. That is an example of the precept not being matched by the performance. The total contribution being made by Canada in connection with technological advances and improvements in less fortunate lands will amount this year to $2.06 per person. I sometimes wonder whether the minister was affected by a speech made by the Minister of Agriculture (Mr. Gardiner) a few short months ago. The Minister of Agriculture stated then that the situation in Asia was not very serious after all, since there were 100 million people in India who lived on a higher standard than did Canadians. That is not in keeping with the speech made by the Secretary of State for External Affairs in the house in 1950, on which occasion he used these words in support of the need of assistance under plans similar or analogous to the Colombo plan. He said, as found at page 131 of *Hansard* of February 22:

> The social and economic danger arises out of the fact that the people out there—

He is speaking of Asia.

> —are learning that independence is not enough.

Today he used words similar in kind but different in actuality.

> The agitation for freedom has stirred up in them other desires; for improvements in their conditions of life; for a change from distress, privation and even starvation; for a change from a life expectancy of 20 years and an average income of less than $50 a year. These new democratic governments are attempting to meet these new hungers, these new hopes, these new demands. There is danger not only to their own countries but to the rest of the world if they do not succeed in that attempt. But they are meeting these dangers as responsible, free, democratic governments, proceeding stage by stage without, as they progress, destroying the framework of society or of government.

I say to the minister that while his declarations are magnificent in their idealism he should do something to change the thinking of some of the ministers who sit with him, to the end that these ideals may be translated into effective action. No one can tell a serious-minded Canadian that Canada today is making the contribution in that connection which the demands of the times require.

Having said that, I pass on to an event that will occur during the coming months, the

meeting in San Francisco of the United Nations. This afternoon I am going to deal with Canada's position under three heads. First, her position in the United Nations; second, her position in the commonwealth, to which I hope the Prime Minister will give his attention, and place before parliament a picture that is not as ambiguous and hazy as the one he presented a few weeks ago; and, finally, our position with relation to the United States of America in the co-operation which must, by reason of our geographical position, be maintained between us.

I ask the minister this: What is being done on the part of Canada to make a contribution to suggestions about alterations in the charter? I realize the difficulty. I realize the possibly insurmountable difficulties. Over the years it has been subjected to some 61 vetoes, a course of action that was never expected at San Francisco. There is the contention by the minister and also by the Prime Minister, when he returned from the old country, that possibly some of these matters might well be solved by secret diplomacy, by meetings outside the United Nations and by considerations beyond the United Nations, rather than through the instrumentality of the body that was set up for the purpose of making settlements of these matters.

Today there are many critics who say that the United Nations has become a debating society. I am not in agreement with them. But I do believe this, that on every occasion that secret diplomacy is resorted to, the authority and prestige of the United Nations is correspondingly reduced. I think Canada has followed a course that deserves commendation in one particular. Other countries more and more are by-passing the United Nations, in sending to that body representatives with other than cabinet rank. Canada has continued to be represented by two members of the government of this country. I believe that has been a course worthy of the aspirations of the United Nations and one that might well be emulated by those other countries that are members of that organization.

However, as I listened today as the minister outlined the question of Formosa, I could not but think that a considerable change has come over him since he delivered his speech the other day extra-murally in the city of Toronto. There has been a change in external affairs, particularly in Canada's position internationally, arising from the Formosa situation and also in consequence of our geographical position.

Mr. Dulles upon his return to Washington indicated there that the situation was serious in the Far East. The minister today used the expression "explosive". When Mr. Dulles came back from Asia he said he came back with foreboding which was analogous to that of an irresistible force about to meet an immovable object. He was asked to speculate on the question as to whether or not, with the uncertainties of the Chinese mind, war might result from the stand being taken regarding Formosa and the two islands of Quemoy and Matsu. He said, narratively, that collision might take place next week, next year, or perhaps never.

The minister says he is not in agreement with the stand being taken by the United States. That stand is a unilateral one so far as the United States is concerned. It has assumed responsibilities that, for generations, were discharged by the British. Today in Asia, by reason of its assumption of world power, it finds itself making decisions which are fearful in their import and dangerous in their possible consequences.

The minister pointed out the wording of Mr. Dulles' statement of the United States position, that an attack on Quemoy and Matsu as such—and he emphasized those two words—would not necessarily bring the United States into active conflict with the Chinese communists. In other words the position appears to be somewhat ambiguous. If in attacking those two islands the communists intend to use them as bases for an attack on Formosa, then as such they have conducted that provocation which inevitably, if United States policy is carried out, will lead to resistance by the United States. Indeed the power given to the President is such that he may proceed only if the conclusion to which he comes is that the steps being taken against those islands would indeed be steps indicative of an intention to proceed.

The United States sees that China is mobilizing industrially and agriculturally in a plan for the future, as no other nation in the world is mobilizing today. Communist China has tasted what the communists believe to have been a victory in Korea. The recital by the minister as to the situation in Korea might give colour to their belief. They believe that they are impregnable and irresistible. They take the view that the United States is irresolute because it did not stand at the Yalu river in 1950. They contend, in a propaganda way, that the United States welshed in Indo-China in 1954, and that the request to the Chiang Kai-shek government to relinquish the Tachen islands was indicative of irresolution and fear.

The minister says the situation in Formosa is potentially explosive. What message did he give today? When he spoke in Toronto a few days ago he used words that indicate a changed attitude on the part of Canada. I have his speech before me. Referring to the matter of continental defence he said:

> Twice in this century Canada has been involved in a major war, locked in a life and death struggle for a period of two years or more before our American neighbours came in. Today I think that the neutrality of either of us, if the other were engaged in a major war in which its very existence were at stake, would be unthinkable. That is a tremendous change, and one which must affect all our policies and relations with the United States.

Today, I suggest with respect that policy has been watered down in the face of some criticism within this country. Today it is watered down by the use of the words that if, in consequence of aggressive action on the part of any nation, a major war follows, Canada could not in these circumstances be neutral. I believe the stand he took the other day in Toronto was one that commended itself generally to the Canadian people. But today the realism of last week appears to have been dissipated in the events that have taken place since. I for one cannot understand the addition of the extra words today in determining what Canada's policy should be.

A few weeks ago there was serious disagreement between Britain and the United States—at least so the press reported—but in the intervening days of the last three or four weeks, and particularly from the time that the Prime Minister attended the conference in London, there has been a narrowing of disagreement as between the views of the British government and the views of the United States government. Sir Anthony Eden made his declaration in parliament on March 8.

> He stated his belief, with all the conviction in his power, that the United States government wished to see conditions created which would put an end to active military hostilities in the area and reduce the dangers of a wider conflict.

Then he went on to say that he hoped the Chinese government would refrain from continuing its claim on the Matsus. Then the foreign secretary continued in these words:

> Her Majesty's government trusted that they would continue to exercise this restraint and that they would make it apparent that, while maintaining intact in all respects their position in regard to Formosa and the Pescadores, they would not prosecute their claims by forceful means.

Finally he went on to say this:

> It was equally desirable that the Chinese nationalists should also do two things: we should like to see them withdraw their armed forces from the other coastal islands; we should hope they would let it be known that they, too, while maintaining their claims, would not prosecute them by forceful means and would abstain from all offensive military action.

I believe that in those words Britain took almost the same position as that taken by the United States.

The other day the minister dealt at some length with Canada's position in reference to the North American continent. This matter comes up for consideration particularly at this time; for in Canada's position with regard to her two neighbours, the great antagonists in the world of ideology, no one with a sense of reality could come to any other conclusion than that in any war in which the United States finds itself, with the U.S.S.R. on one side and the U.S.A. on the other, there can be no neutrality. But my hon. friend endeavours to leave the impression that if something should spring up in consequence of the difficulties between communist China and Chiang Kai-shek, it would be a bush fire. He has but to read the words of Molotov in which he stated that the situation in Asia was of equal concern to the U.S.S.R. In that case it is but fantasy to say that what might happen over there would not become an all-embracing conflict. If that comes, Canada's northland, which generations believed was a tundra of waste, will become the backbone of freedom's defence.

The Minister of Trade and Commerce (Mr. Howe) chose the day of the external affairs debate, no doubt advisedly by reason of that fact, to place before the house the atomic energy policy of this country. Think of the vast uranium developments in northern Saskatchewan, where a few years ago there was no mineral development. Canada is in large measure the source of the uranium indispensable for modern war. With respect to Eldorado in northern Saskatchewan, I would suggest to the government that further consideration should be given to the preservation of that great monument to national endeavour, that necessary supply dump of uranium, to use the expression in its widest sense. Consideration should be given to the danger inherent in the fact that two of the heads of the union there are indeed communists, and do not deny that they are.

Let me pass on from there, sir, to the question of continental defence. The Prime Minister made in London several speeches that have never been elucidated or unveiled in the House of Commons since his return. Apparently there was some discussion in Britain regarding the contribution that Canada might make in connection with continental defence and also regarding the setting up of a strategic reserve available for service in the danger spots of the world. The Prime Minister pointed out, as was reported by three or four of Canada's outstanding reporters in the press who were in attendance in London—

Mr. St. Laurent: But not at the meetings.

Mr. Diefenbaker: Oh, no. It is true that they were not at the meetings, but there is such a similarity that it indicates someone in high authority, this anonymous somebody, sir, that invariably flies the kites for the government, did so on this occasion and furnished the information. The first was Mr. Jack Stepler, who stated—it is all in the narrative form—that the Prime Minister appeared before the commonwealth prime ministers' meeting and dealt with the question of defence.

And most impressive was Canada's contribution to northern defence through the three lines of early warning stations, where the $200 million spent on only the mid-Canada line is comparable to the New Zealand defence budget.

Mr. St. Laurent: I have already denied in the house, Mr. Speaker, the accuracy of that report.

Mr. Diefenbaker: I see. I have three more reports that will have to be denied. Mr. A. O. Tate, of the Toronto *Star*, a newspaper that seems to have an unusual capacity to think as the government is thinking, said this. I take it that this, too, is denied.

The Prime Minister pointed out that the Canadian people spent $200 million on only one phase of continental defence.

Then there are two others to the same effect. Miss Armstrong of the Toronto *Telegram* added that this person had been astounded by that information. There is nothing so secret about this except on the part of the Canadian government. There is a suggestion that there is something, oh so hush-hush, in what is being done in northern Canada. I have before me the Victoria *Colonist* of February 20 in which are set forth the plans of these defence lines. I am not going to particularize, but it shows where the D.E.W. line will be built, it shows the Alaska line, it shows the mid-Canada line and the "Pinetree" line. It gives particulars and details of each of these constructions and of what contribution is being made by Canada.

Furthermore, United States papers are setting out similar details. Remember the Prime Minister was at the conference. Apparently when he was asked as to what Canada's contribution could be he indicated that she could not go beyond the limits of her wealth. In support of the argument that we were stretched to the limit he told of the tremendous expenditures being made in connection with continental air defence.

Strangely enough in the United States the report is that these great facilities for defence, these eyes of the watchdogs of radar equipped with the bark of radio transmission to all parts of the United States, are being built by the United States. The Chicago *American* of January 23 sets out in detail what is being done in northern Canada. Do you know what the source of the information was? They say in this house that one should not ask about this because of security reasons. The source of the information in the United States was the secretary of defence who told of the expenditures being made in Canada on continental air defence. He said that the expenditures would be from $500 million to $2,000 million in the next few years. He set forth in considerable detail what is being done in connection with these various fences that are being set up and also in connection with the central military agency which is being established to co-ordinate with the federal civil defence organization, the state civil defence agencies and other governmental agencies.

One does not want to pierce the security of this nation, but the Canadian people have the right to know with regard to the H-bomb what stage it has reached today, its destructiveness described so dramatically by the Prime Minister of Great Britain the other day when he tapped his dispatch box and said that the plutonium that could be confined within that box would enable any one nation which alone possessed the power that plutonium gives, to control the hearts, souls, and beings of mankind.

These pictures of the terror of the H-bomb have struck fear into the hearts of the people. They have given a new urgency to the need of the preservation of peace, as the minister said today. But he pointed out also another side that we do not know: Some trigger-happy Chinese communist, flushed with the victorious past of these crusaders for the building of that better world they dream of, might in a moment of weakness pull the trigger that would start the conflagration. It will then be too late for Canadians to know whether or not these lines of radar will give the security they are presumed to give.

There has been a tremendous change in the thinking of the government of Great Britain. The white paper does not disclose the emphasis on manpower in the armed forces. The 48 battalions of the reserve army in Great Britain are to be used, not as a military force but as an ancillary force for civil defence. Up to the present time we have no information as to whether, if the ultimate awfulness of H-bomb warfare comes, what has been done in the way of air defence will meet our expectations that out of this world disaster we will at least be assured the maximum of warning for the people of our nation.

In the United States, if press reports are correct, they have gone so far as to remove from the President the power and authority to make the declaration that this is indeed war. They have appointed General Chidlaw as air defence commander with headquarters near Denver. He has his fingers on all these radar warning screens in the north. He has the power to say "I declare a military emergency" and take immediate steps to defend the country.

I say again that no one wants to pierce the curtain of security. But that curtain of security should not be simply a means whereby the Canadian people are lulled into a sense of false security. Let the Prime Minister speak with that authority, as I said the other day, which his position gives in matters such as this and of such importance to the preservation of mankind.

When I hear people in this country casting slurs and sneers at the United States I wonder whether they have any realization of the world of today. Our relationships have not always been of the best. There have been disagreements; agreement in objective but disagreement in means, just as we sometimes find it difficult, separated by 18 feet of green carpet, to agree here.

With that same objective in mind it is interesting to go back to something which I came across the other day. Ordinarily I do not put quotations on *Hansard*, but this particular item does indicate the changes that have taken place in North America. In 1880 the New York *Herald* was conducting a campaign for the annexation of Canada to the United States for purely defensive reasons, and they said this:

> The Canadian keeps 43,365 men armed to the teeth; he has much garrison and field artillery of the most destructive kind; his multitudinous cavalry horses say ha! ha! to the trumpets;—

They had cavalry horses then too.

> —he calls up 14,000 new heroes every year for drill and is altogether a perilous enemy.

Those were the days when Canada had military service.

> And at his back the British lion stands ready to roar most thunderously, supported by legions of regular troops, and capable of sending forth swarms of gunboats to shell the lake and river cities of the union, while his big men of war bombard New York, Boston and the cities of the Atlantic coast. The army of the union is small and scattered over the Indian territory—

Then it goes on to say:

> Ogdensburg, Oswego, Buffalo, Cleveland, Detroit, Chicago and a hundred smaller towns would endure bombardment, and perhaps be burned to the ground, before the Americans could make any defences worth talking about . . . The United States should strongly fortify the St. Lawrence frontier of New York and be ready to lay down the ruinous torpedo at a moment's notice.

That quotation from 1880, within the lifetime of many Canadians, represents an attitude of mind which time, common understanding, and a dedication to the principles of freedom have obliterated.

We have mutual devotion and trust. We are bound together in economic and military co-operation.

Those who speak loosely in what the minister described as unjust criticism, who always picture the United States as an aggressor, make no contribution today to the building of that unity without which there can be no survival. Here we are, side by side, common heirs of Westminster Hall and Independence Hall, with a common dedication to a liberty which Lincoln described as "Liberty not alone for the people of this country but hope to all the world for all future time".

If ever there was a time when we require a co-operative attitude it is now. I refer to a co-operative attitude wherein, while disagreeing, we can make clear, as the minister said Mr. Dulles made clear to him in personal conversation, our common objectives; wherein we can voice to friends our just criticism and in that way build a unity and develop a co-operative defence basis without which there can be no survival.

The nations in this partnership must retain absolutely their respective sovereignties over their own areas to join with the British commonwealth in singleness of purpose, strength and steadfastness. For without that dedication, freedom indeed may perish from the earth.

I sometimes think the major reason for the invidious attacks that are made on the United States by certain people is that the United States represents the greatest example of free enterprise which exists anywhere in the world.

Now I come to another part of the minister's speech. I should like to say a few words about it. That speech in Toronto should have been delivered in the House of Commons on the question of trade a long while ago. We on this side of the house have repeatedly pointed out that the attitude of the United States in raising quotas and limiting imports is not in keeping with our world responsibilities. On more than one occasion we indicated that interfering with our agricultural production machine in this country by the scheme of quota imposition was a denial of that spirit of co-operation which is necessary to the preservation of freedom.

The minister in that speech made blunt and unequivocal objections to the restrictions being imposed, but it is strange that strong terms were not used when agriculture was affected.

On the 8th of May the Minister of Trade and Commerce (Mr. Howe) sent a strong message to the United States. Previously the tone of the messages that were sent, when agricultural products were interfered with, was, to say the least, lukewarm if not apathetic.

Today, the closing out of our oil products to the United States will not only have a serious consequence to the western oil industry but the restricting of imports to 250 million barrels a year to all countries of the world will weaken the defences of North America.

The United States must realize that it depends upon us as the safety deposit box of the minerals of North America from which they get all their asbestos and nickel; and, as the Leader of the Opposition (Mr. Drew) has often said, they depend on us for their manganese and in large measure their cobalt, 55 per cent of their lead, and 42 per cent of their copper, all of which commodities are necessary to the preservation of freedom through the instrumentality of strong armaments.

Doubtless the minister will have read the United States' newspaper reports of his address; scant attention was paid to that speech. Canada gave it widespread publicity; but apart from the Washington *Post*, the New York *Times*, the New York *Herald* and the Chicago *Tribune* there was very little reference to that speech which set out in clear terms a viewpoint with regard to our national survival that ought to have been expressed long ago. If it had been expressed three or four years ago it would have removed many of the criticisms that one hears today.

The GATT agreement with preservation of the restrictive rights now made legal cannot but result in artificial barriers being legalized in defence in a situation serious to the maintenance of unity and the preservation of our respective economic lives.

I feel that today Canada, with its resources, should be to a greater extent than ever before manufacturing these raw materials to provide the sinews of freedom and to ensure that these resources within Canada may be utilized for the benefit of freedom everywhere in the world among free nations.

In support of my view I take the 1952 Canada Year Book, which says in effect that we do not have today a balanced Canadian industrial economy.

It says:

> Less dependence on export of primary raw materials and agricultural products and more processing of these resources in Canada—

Here I cease quoting—would bring about a balanced Canadian economy that is needed today.

That is certainly needed in the period in which we live. It is needed in order to make Canada strong and to provide those sinews for our joint defence with the United States in the event of war. On the other hand, should war not come, as we hope and pray it will not, at least Canada will be making its contribution to the building of power and strength so that negotiations based on strength may be the result.

I wish to discuss one other matter before I conclude. I was surprised that the minister, who was present in London at the prime ministers' conference, did not inform the house of some of the things that happened there. He bestowed upon the commonwealth just a passing glance. He said in effect that we must trust our friends, the United States and Britain, and one or two others. That is not enough. That kind of thing does not have any realization of the contribution that the British commonwealth makes in the world of today. I think one of the finest terse descriptions ever given of this commonwealth was given by one of the reporters from Canada, namely James McCook, who described the power of the commonwealth, lacking as it does any material organization. During the meeting in London it was possible, because of the vastness and the world-encircling nature of the commonwealth, to communicate with other peoples with ease. If a communication was to be made with the United States of America, that would be done by the Prime Minister (Mr. St. Laurent) or by the Secretary of State for External Affairs (Mr. Pearson). If there was to be a communication with Chou En-lai to ascertain his views on any subject, Nehru was there to perform that task. If there was to be a communication with Molotov in the U.S.S.R., Sir Anthony Eden, by reason of his previous association, was in a position to make that communication.

There is one thing I should like to say here, and I digress for a moment. Today we have become so accustomed to the power and the authority of Sir Winston Churchill that we wonder how different things will be if he decides to resign at the apex of his power and his world authority. If he does resign let us remember that the British commonwealth has always had a leader available. That leader today, Sir Anthony Eden, was right in 1938; and in the Yalta revelations of the other day—the publication of which was as unjustifiable as it was unconscionable at this time—Eden stood out as the man at

Yalta who was right in the views that he expressed and the attitude that he held towards Stalin and those associated with him.

I mention the commonwealth because the Department of External Affairs publishes a magazine *External Affairs* purporting to tell the story of what happens, although it is restricted; in the superimposed fine print at the top it is stated that only government views are expressed. But in the last few years we have seen so many examples of that chiselling away at the British commonwealth relationship that it is interesting to find that the external affairs department has joined the others who are always preserving us from something or other. In the August issue they join in describing "Dominion day" as "Canada day". It used to be done with regard to the telephone book. That is the way they knocked "Dominion" out of the "Dominion of Canada". Now they decide to alter the name "Dominion day" to make it "Canada day". It is not a fearful thing but it is indicative. July 1 is not Canada day. Lest someone say that I overstate the situation, I am going to quote from a book entitled "On Being Canadian". In it at page 112, reference is made to this question of the British connection, and it is not brushed aside in the way that is sometimes followed by certain members of the government. The British connection is necessary, says the Right Hon. Vincent Massey at page 100 of this book. I am going to read this because it answers so many of those who today find it necessary to play down our relationship within the commonwealth. This is what Massey says:

I feel sure from my own experience—

And that experience was a great one, including that as representative to Washington and representative of Canada during the days of war in London. He continues:

—that the fact that Canada appears on the international scene, not only as an important country on her own account, but also as a member of a great world association, lends her enhanced prestige. In the international world, prestige means influence.

As far as domestic affairs are concerned, there is a persistent illusion in the minds of some people that the British connection has somehow a limiting effect on our national growth; that the term "dominion" is derogatory to our national dignity.

Then he goes on to say this:

"Dominion" is only a word, and it has all but disappeared. In any event, it is important to consider things rather than their labels. In Canada we have certain institutions and traditions and characteristics which give us, whatever language we speak, our meaning as a separate country.

Then he says this, and it is extremely important in view of our relationship with the United States, fearful to some because they picture the day when that economic and defence relationship will lead to other relationships:

Without the British connection these things would steadily evaporate and we should have less and less significance as an individual state. How long—

—says the Right Hon. Vincent Massey,

—would a Canadian republic maintain its individuality here in North America? The forms of our sovereignty might be retained, but we should be caught inexorably by the southward undertow and completely assimilated to American life. It is thus true to say that the British connection is essential to Canadian independence; we are the more Canadian for being British.

In those words, based on an experience of public service unequalled in our country, the Right Hon. Vincent Massey has not made statements that are not worthy of the serious consideration of Canadians in general and of parliament in particular.

Then what about Dominion day? The magazine *External Affairs* is afraid of that word "Dominion" in Dominion day. Dominion day was not changed by parliament. What does Mr. Massey say? At page 176 he says this:

If we abandon the old name, "Dominion day", for some new and meaningless phrase, as we nearly did officially in 1946, will it be because we have forgotten the significance of that moment eighty years ago when we took the first step towards full nationhood? In effect, we have long since outgrown the original meaning of the word "Dominion", but that offers no reason why we should not duly honour the anniversary of the occasion when we became a Dominion . . . It would serve to remind us of our foundations and the influences which have given us shape.

I read this excerpt and place it on the record of the house because it must not be forgotten that, in the world of today, our position within the commonwealth is one that is based on self-interest and sentiment. When the Prime Minister was in London he must have been impressed by the intangible power for good that exists in a group of nations, joined in freedom and having the common concepts of freedom, consulting for the purpose of assuring the preservation of freedom.

Yes, the house would like to hear the story of that conference from the minister, not the Prime Minister, not in that rather uncertain way that he displayed a few weeks ago when he said that on a later occasion an opportunity would arise to discuss it, namely, during this debate. That conference brought honour to Canada, for it enabled the city of London to confer upon the Prime Minister the freedom of that city, an act of which every Canadian was proud. There are now two Canadians holding that honour, the

present Prime Minister, and the Right Hon. Arthur Meighen, whose contributions to parliament and the country made him a worthy recipient of the honour and brought honour to Canada at the same time.

That conference was a clearing house of consultation and of wisdom. It was a catalyst of differences. It was joined in unity and objectives in the maintenance of freedom. Let us not forget that in the world of today there can be no international rights for Canada unless we recognize three things: first, our own country and its aims and purposes; second, our membership within the commonwealth of nations which makes us possess that prestige to which the Right Hon. Vincent Massey made reference when he spoke of the contribution that that membership makes to Canada in the world of today; finally, our membership in NATO. Sir, our aim and our purpose are to maintain and preserve peace. To that end we are dedicated.

The information I have asked for must not be concealed for the reason that it might hurt the feelings of Canadians in that all is not as well as the propaganda agencies would have us believe when it comes to our defence against the potential danger of the H-bomb and atomic warfare. Let us see the picture; let Canada know it; and, if the Canadian people realize the situation, apathy will give place to determination and the leadership of civil defence by the Minister of National Health and Welfare (Mr. Martin) will receive the inspiration that is necessary today, for with the exception of three or four of our cities few seem to realize the awful danger in which we stand and the necessity of urgency now in preserving ourselves through the instrumentality of civil defence and through the maintenance and assurance of our armaments and our armed forces.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I hope that with respect to some of the remarks I am going to make this afternoon I shall not be accused of having an anti-American bias. I have never had bias against our good neighbour to the south. I harbour no ill feelings towards the people of that country, but this afternoon I am going to criticize some of the policies being pursued by the United States government in international affairs. I am very glad indeed that in his concluding remarks the hon. member for Prince Albert (Mr. Diefenbaker) paid tribute to our association with the commonwealth of nations. As I listened to him this afternoon I thought for a while that I was listening to one of the strongest pleas I have heard in the house at any time for acceptance of American policy almost without question.

Mr. Diefenbaker: No suggestion of that.

Mr. Coldwell: I also want to say to the minister that I thought his speech was not as good a speech as the one he made earlier in the session. I thought it was not as clear or as concise, and it was longer. I sometimes think that a speech cannot be judged by its length. I have had the pleasure of sitting in the gallery of the House of Commons in the United Kingdom, the mother of parliaments, and I have heard questions as important as the ones we are discussing this afternoon discussed and concluded by the two principal speakers within the space of one hour for both of them. It seems to me we could learn something from the experience of the parliament of the United Kingdom in that respect.

Mr. Pearson: And have a debate every few weeks.

Mr. Coldwell: I was very happy that this afternoon the Secretary of State for External Affairs (Mr. Pearson) discussed and told us something about the situation in Indo-China, Korea and so on. But as I listened to him this afternoon I decided I should probably confine my remarks to about three important matters which I think have been disturbing the people of Canada and the world in the past few weeks. The first of these of course is the statements that have been made in connection with the Chinese offshore islands and the island of Formosa, and the confusion which was caused after the speech made by the minister in Toronto when various interpretations were placed upon it. I think that the statements of the secretary of state of the United States, Mr. Dulles, when he was here underline rather than minimize the dangers of the present situation and the policies being pursued at this time by the United States.

Then, of course, the second matter of great concern to our country and the world at the present time is the series of experimental explosions that are being carried on in the United States and in Russia to ascertain the power in the use of nuclear weapons. Let us not forget that the same type of experiment is being undertaken in Russia. We do not know with what power and we do not know with what success, but we do know that they are now experimenting with the hydrogen bomb and the atom bomb in the same way as our great neighbour to the south. We are told by atomic scientists, as outstanding as those who deny the truth of the charges that these scientists make, that these explosions may endanger the future welfare of mankind, indeed, the future continuance on the earth of mankind. It seems to me we must pay some attention as a country to these

experiments and use our influence whenever we can to prevent this danger becoming more and more imminent.

The third matter, of course, to which the hon. member for Prince Albert also referred, is the publication of the American-taken notes, for such they were, of the Yalta conference and the statements that were made there and, indeed, the foreshadowing of further American-made notes of the conferences at Tehran and Potsdam.

The speech made by the Secretary of State for External Affairs at Toronto contains expressions that at this time seem to me to have been inadvisable, and inadvisable under the circumstances because they could be subjected to interpretations which could have meant a change of policy in regard to the Formosan situation. I have the text of the minister's speech here, and he said:

> Our position in this regard is something that we should never forget when we say, and correctly, that certain United States commitments, those, for instance, covering help to Chiang Kai-shek in Formosa and certain Chinese coastal islands, have not been accepted by us. But that is not the same thing as saying that they may not involve us. And it is certainly not the same as saying that they do not concern us.

In this paragraph the minister stated that United States commitments have not been accepted by Canada, and he repeated that, I am glad to say, this afternoon. But he did say that the commitments by the United States might involve us in the consequences of those commitments; and at other points in the address we have the same sort of thought. He said:

> The neutrality of either of us, if the other were engaged in a major war in which its very existence were at stake, would be unthinkable.

Perhaps the minister is right. Perhaps if they were engaged in a major war it would involve us automatically, because of our geographical position with them. Nevertheless I do not think it is wise, in the state of opinion in the United States today, to make statements of that description and have them published in the press of that country. That can be construed as an assurance of our support should the United States be involved in what is, in effect, a major war on the mainland of China.

In the concluding portion of his address he went even farther when he said this:

> In any major war we—

That is the United States and Canada.

> —must be on the same side.

He then pointed out what he called the moral of this, saying:

> This is not that we should be less Canadian, but that we should do everything we possibly can to censure that Canada's influence and Canada's policy, especially in its relations with the United States, will be directed toward the avoidance of conflict, political and economic. The same of course applies to the United States.

With that statement one can have no quarrel, and of it one can make no criticism. But I wish to suggest this, that the Canadian people want our government to state forthrightly and without equivocation that we will do everything we possibly can to ensure that Canada's influence and Canada's policy, especially in its relations with the United States, will be directed toward the avoidance of conflict, political and economic.

There is evidence that the government is taking a stronger attitude with regard to the economic relationships of our country with the United States. This in my opinion is being taken belatedly. The hon. member for Prince Albert (Mr. Diefenbaker) said that this afternoon. It should have been done when the United States took unilateral action against some of our farm commodities. But the statement made by the Minister of Trade and Commerce (Mr. Howe) yesterday is the kind of forthright statement that needs to be made by the Secretary of State for External Affairs (Mr. Pearson) regarding political matters in which we are directly interested and gravely concerned.

Judging by the statements by the United States secretary of state, Mr. Dulles, the issue in his opinion—and he stated it over and over again—is between the government of Chiang Kai-shek, which he calls the Republic of China, and which he placed before the world as a desirable ally, and that of the Peking government which he regards not only as a usurper but as an outcast.

I could quote stronger terms than Mr. Dulles used. How many Canadians or Americans understand why the Chinese people drove Chiang Kai-shek out of China? A few days ago I reread a speech made in this house by the hon. member for Lambton-Kent (Mr. MacKenzie), who was for some time in China with UNRRA. He told the house some of the reasons why the government was overthrown. Let me quote the hon. member as he is reported at page 1878 of *Hansard* for November 17, 1949:

> While I know nothing about the personal integrity of Chiang Kai-shek, I understand from his friends that it is quite good; nevertheless I know that his government officials practised a policy of graft and corruption that was incredible to me. I have also visited many cities of China and met many merchants. I met Colonel Kearney of the United States army, who was stationed there. He told me about many things that happened in the Chinese army which to me were inconceivable. When I went to China I understood that it was one of the great democracies of the world. According to my understanding and appraisal of democracy, it was as far removed from the

principles and doctrine of democracy as it possibly could be. I could not conceive of conditions being as bad as they were. To me it was capitalism at its worst, where a few people controlled the whole policy and the rest lived in poverty and privation.

That was said by an hon. member who still sits in this house on the same side as the Secretary of State for External Affairs and the government, said by a man who was in China for some time with UNRRA. The hon. member could also have thrown some light on the entry of Chiang Kai-shek's forces into Formosa. But the record is clear. In many newspapers and other articles which have appeared in the public press during the last six or seven years, there have been references to this Simon Pure government of Chiang Kai-shek.

I, myself, met a correspondent of a London newspaper who was an eyewitness of events to which I will refer. Let me hasten to say that he was not a communist, but was correspondent of a well-known London Liberal daily paper.

On February 28 of this year the *Christian Science Monitor*, which certainly is not a communist paper, but rather a religious one, published an article clearly outlining the history of Formosa. That article went on to say that when the Japanese were defeated in world war II, there was general island-wide rejoicing at the prospect of reunion with China. The moment the first nationalist troops put foot on the island, there was disillusionment. The nationalist soldiers and civilian autocrats under the government of Chen Yi, the general who took the troops there, acted as conquerors and seized the expropriated Japanese businesses from the Formosan people.

The discontent of the Formosans finally erupted in a protest march in February 1947, touched off by the brutality of government agents. The unarmed paraders were struck down by machine gun fire. The nationalist government, which at the time had an army of 2,000 troops in and around the capital, agreed to meet a small committee of leading Formosans to discuss reforms. They requested:

1. Election by Formosans of their own magistrates and mayors, who would be empowered to control the police;

2. Abolition of special armed police under government commissioners;

3. Admission of Formosans to higher posts in the administration;

4. The break-up of government monopolies.

These were moderate demands, indeed.

The government stalled for time, pretending to negotiate with the Formosans enabling them to call for reinforcements from the mainland. They arrived on March 8. A reign of terror followed. Reliable estimates placed the number of Formosans massacred or missing as high as 10,000, including more than 700 high school and college students.

I might say that these are not my statements. These are statements by the *Christian Science Monitor*. It goes on to say that this is the grim record of Chiang Kai-shek's occupation of Formosa.

Who is the moral leper? That is the grim and terrible record of the so-called democratic government of Chiang Kai-shek, which the United States government supports and which, according to the minister, should a major war develop from that support, might involve Canada in hostilities.

The islands of Quemoy and Matsu are coastal islands blockading the two important mainland ports of Amoy and Foochow. They are no more useful as jumping-off places for an attack on Formosa than the mainland itself. How far is Quemoy from the mainland? It is three miles. How far is Formosa? It is about 125 miles. The Pescadores are in between, 80 miles from the mainland. Between Quemoy and the mainland there is at least one island that is under mainland control. In other words, Quemoy is a part of the mainland of China and to talk about a jumping-off place to be defended because it may be a jumping-off place for an attack on Formosa is a palpable attempt to deceive the rest of the world into believing something that is not correct.

I have no use for a communist government, but I do not want to see this country dragged into a war by the policies that are being pursued by the secretary of state of the United States. I followed those policies and it is about time that this government and this house spoke out against that drift to war through those policies and the threats of certain United States officials.

To use precision projectiles of atomic power against the mainland is one which, if put into effect, would forever destroy any hope of support of the democratic cause in which we should be interested, by the masses of the whole continent of Asia, and I include in this Burma and India, two countries of great importance in the struggle against communist imperialism. Let us not forget this. The first atomic weapons that were dropped were dropped on the coloured nation of Japan, an Asian nation. Drop some more of them on an Asian nation and then try to win the Asian nations to the democratic cause. The thing would be impossible, and yet we cannot win this struggle against communist imperialism without the Asian masses on our side.

In view of this, I urge the Secretary of State for External Affairs to make another

speech in this house when this debate draws toward its end, where such speeches should be made, and to state categorically that we shall have no part in United States adventures on behalf of Chiang Kai-shek. In today's *Gazette*, Joseph Alsop, writing from Hong Kong, indicates that the United States cannot count on the support of the United Kingdom. He says that there is some doubt about the support of Canada. Perhaps I had better quote the paragraph:

> But if a serious war starts over Quemoy and the Matsus, the United States cannot now count on the support of Britain, where the vital forward bases of the strategic air command are situated. There is even some doubt about the support of Canada, which is the vital key to what passes for the American air defence system. And for these reasons, no one can be quite sure that the Chinese and Soviets do not want a big war on this divisive issue.

It is about time that Canada took a very firm stand in relation to this whole adventure around Formosa. We are told that it is part of the United States defence system. Where does that defensive system extend? We have been told that it extends right from the Aleutians, right through Japan, right through Formosa, right through the Philippines, right down to New Zealand and Australia. As a matter of fact, apparently the only interest in the southeast Asian organization is that New Zealand and Australia are part of the defensive system of the continental United States. It is about time that we reappraised this whole thing and spoke out. There was no hesitation some years ago in this house on the part of members on the government side in criticizing British imperialism. Why not for a change be outspoken about United States policies that are equally imperialist in a sense, not in the same sense as the old imperialism used to be, but in the sense that there is an attempt to control a very large part of the world through bases and by display of arms. I say the minister should remove any doubt that may exist about Canada's attitude regarding this matter.

Last September I had the great privilege of being present at the Labour party's conference at Scarborough in England and of hearing the Right Hon. Clement Attlee and other members of the British Labour party who visited China make their report on the visit. May I say that before Mr. Attlee went, Canadian newspapers said that here was a man who would go to China unprejudiced in its favour and would bring back a realistic and objective report. I heard that report. The same evening I had the opportunity of spending some time with Mr. Attlee and with Mr. Morgan Phillips, the secretary of the Labour party, and others who accompanied Mr. Attlee on that trip. Several points emerged. First, the new government in China had abolished corruption in government and, in Mr. Attlee's opinion, to use his own words, this was "a very, very great achievement." He said that they got that tribute "not from Chinese sources but from people with a long knowledge of the east." He said, "European people of our own sort who have been more than 50 years there. They have for the first time got an honest government. I believe they are a government of idealists." That was his considered opinion, and he is a former prime minister of Great Britain, a man of whom the papers said that when he came back he would bring an objective report. I am quoting directly from him. He paid tribute to the manner in which they had cleaned up old sinks of iniquity. They had introduced a new alphabet, reducing the original 36,000 characters to fewer than 1,200. Seventy million children are in school and attempts are being made to remove illiteracy in the adult population. He emphasized the importance of a settlement with China because of the influence of Chinese nationals, not nationalists, most of whom are non-communists throughout the whole of south Asia, and who jointly resent the manner in which the Chinese masses are being retarded by the western powers.

He suggested what I suggested long ago, that Chiang Kai-shek and his bloodthirsty warlords—yes, bloodthirsty warlords they proved themselves to be when they went to Formosa—should be exiled from Formosa and such of his followers as wish should be allowed to return to the mainland, and then let Formosa be neutralized under the United Nations.

This afternoon the minister said that when we talk about these things we forget the Formosan people. I have not forgotten them this afternoon. I have told of their terror, and I say that the sooner that that dictatorial group is removed from Formosa and Formosa placed under United Nations trusteeship—yes, I would support guaranteeing to them neutrality by the United Nations, not by a single power—the sooner shall we begin to build for peace in Asia.

Canada should support the removal of Chinese nationalist representatives from the United Nations and from the security council and support the seating of the effective government of the Chinese people. Sir Winston Churchill and Sir Anthony Eden recognized that effective government years ago. They supported the Labour party's recognition on January 1, 1950. They have been in power most of the time since then, and they still recognize that government as the effective government of the Chinese mainland, the

government in power on the Chinese mainland. We recognize a mere rump; that is all. I say that Canada at the United Nations should support that inclusion of the government of China and we should make an effective effort to recognize the government that is in power in China.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

The Royal Assent

An act for the relief of Daisy Ruth Kirk Stanistreet.

An act for the relief of Irene Christina Edwards Mackay.

An act for the relief of Barbara Elinor Richardson Jones.

An act for the relief of Wira Pushkar Tereshtshenko.

An act for the relief of Stella (Stephania) Burnatowska Holowaty.

An act for the relief of Harry Evert Finlayson.

An act for the relief of George James Nangreaves.

An act for the relief of Carmela Lanza Morash.

An act for the relief of Meyer Francis Doyle.

An act for the relief of Julia Mary Collen Dwyer Rose.

An act for the relief of Bela Koschitza Brawerman.

An act for the relief of Maxine Samuels Resseguier.

An act for the relief of Ginette Monique Cornu Lebegue.

An act for the relief of Eugen Hartberg.

An act for the relief of Joseph Pierre Emile Jasmin Rheaume.

An act for the relief of Elizabeth Jane Marcelin Belanger.

An act for the relief of Hugh McCrone Dunsmuir.

An act for the relief of Hazel Winifred Edwards Welcher.

An act for the relief of Joan Audrey Baur Walker.

An act for the relief of Pauline Alice Leduc Sponagle.

An act for the relief of Lillian Greenberg Seligman.

An act for the relief of Marie Antoinette Demers Vigeant.

An act for the relief of Yoneyuki Watanabe.

An act for the relief of Leslie Sutcliffe.

An act for the relief of Rita Ursule Labadie Huot.

An act for the relief of Evangeline N. Rodinos Zolotas.

An act for the relief of Maria Lutz Kaczmarek.

An act for the relief of Clare Taylor Belanger.

An act for the relief of Jean Claude Robitaille.

An act for the relief of Ida Meitin Wooden.

An act for the relief of Fleur-Ange Francoeur Therrien.

An act for the relief of Maria Christina Vettore Austin.

An act for the relief of Roland Lefebvre.

An act for the relief of Augustine Denonville Leclere.

An act for the relief of Mary Theresa McSheffrey Richard.

An act for the relief of Pierrette Marsan Short.

An act for the relief of Greta Irene Kokko Marchand.

An act for the relief of Yolande Segatore Grandillo.

An act for the relief of Annie Laker Gillen.

An act for the relief of Juliette Bertha Langlois Miller.

An act for the relief of Arthur Johnston.

An act for the relief of Bela Antal Kelecsenyi.

An act for the relief of Joseph Roger Gerard Doucet.

An act for the relief of Elsie Amelia Armistice Wood Lavoie.

An act for the relief of Joseph Rene Romeo Lefrance.

An act for the relief of Gweneth Leslie Clarke Atkinson.

An act for the relief of Muriel Clare Wilson Hart.

An act for the relief of Violet Doris Hubbard MacGregor.

An act for the relief of Christina Mellis Campbell Squires.

An act for the relief of Katharine Hamilton Ellis Bishop.

An act for the relief of Sheila Kathleen McNaughton Best.

An act for the relief of Pearl Mendelson Markus.

An act for the relief of Mary Leona Dalton Dawe.

An act for the relief of Ethel Tietlebaum Segal.

An act for the relief of Sheila Mary Power Stone.

An act for the relief of Vera Grace Westley Stewart.

An act for the relief of Freda Margery Turton Pellerin.

An act for the relief of Sieglinde Rosa Wolf Coss.

An act for the relief of Marie Vina Lebel Duhamel.

An act for the relief of Florence Pearl Loader Varden.

An act for the relief of Ethel Elizabeth Smith Tero.

An act for the relief of Elizabeth Annabel Clouston Grandjean.

An act for the relief of Miriam Rabinovitch Yampolsky, otherwise known as Miriam Rabinovitch Pollack.

An act for the relief of George Angus Robinson.

An act for the relief of Gerald Willy Moore.

An act for the relief of Desneiges Primeau Gagnon.

An act for the relief of Gladys Krassner Garoff.

An act for the relief of Margaret Aitken Robertson Comis.

An act for the relief of Marie Rose Barsey De Board.

An act for the relief of Maureen Theresa May Baker Reed.

An act for the relief of Henry Schoen.

An act for the relief of Harold Archie Donaghy.

An act for the relief of Beatrice Ellis Oakes.

An act for the relief of Rose Blum Brenner.

An act for the relief of Georges Ovide Normand.

An act for the relief of Marjory Grace Darling Downey Picktell.

An act for the relief of Francis Joseph Ellis.

An act for the relief of John McKinnell.

The Royal Assent

An act for the relief of Ada Garland Skakle Campbell.
An act for the relief of Shirley Elizabeth Saul Hutchison.
An act for the relief of Rotha Dodgson Webb.
An act for the relief of Barbara Norma Demaine Davies.
An act for the relief of Reta Muriel Hadden Moffit.
An act for the relief of Meta Avard Wheatley Griffin.
An act for the relief of Emma Melite Latvaityte Vairogs.
An act for the relief of Marie Jeanne D'Arc Marcelle Mernier Lemieux.
An act for the relief of Lois Audrey Jemima Patch Howell.
An act for the relief of Dorothy Izenberg Lenetsky.
An act for the relief of George Reilly Hunter.
An act for the relief of Donald William Downie.
An act for the relief of Rita Barlatti Devlin.
An act for the relief of Ruby Kitts Shea.
An act for the relief of Margaret Pearl McNamara Rowlatt.
An act for the relief of Mabel Kinghorn Marshall.
An act for the relief of Shirley Norah Farrar Mizener.
An act for the relief of Jane Schubert Clark Bernard.
An act for the relief of Irene Joan Fabian Jefford.
An act for the relief of Lois Silby Walker Torunski.
An act for the relief of Lillian Dorothy Menzies Drennan.
An act for the relief of Henry Edwin Lasnier.
An act for the relief of Elsa Kremer Ellmaurer.
An act for the relief of Christine Bennie Kelly Mooney.
An act for the relief of Shirley Patricia King Craddock.
An act for the relief of Nomi Meijerowicz Goldenstein.
An act for the relief of Edith Dora Hyndman Ross.
An act for the relief of Irene Annetta Thomas Bromby.
An act for the relief of Arthur Edmund Oliver.
An act for the relief of Joseph Zawiski.
An act for the relief of Mary Jagiello Kaczynski.
An act for the relief of Eleanor Honor Connolly Sutcliffe.
An act for the relief of Marie Laurenza Suzanne Bolduc Hawkins.
An act for the relief of Daniel Joseph MacLean.
An act for the relief of Berthe Montpetit Goupil.
An act for the relief of Joseph Albert Roland Archambault.
An act for the relief of Evelyn Held Schulman.
An act for the relief of Antoni Dmysz.
An act for the relief of Eunice Levine Yelin.
An act for the relief of Joyce Hodkin Gilhooly.
An act for the relief of Pauline McDonald McDerment.
An act for the relief of Velma May Robinson Macaulay.
An act for the relief of Mary McDonald Gauthier.
An act for the relief of Andrew Henry Pytel.
An act for the relief of James Wong, otherwise known as Yon Hong Ark.
An act for the relief of Ruth Nathan Finkelman.
An act for the relief of Richard Robert Tomlinson.
An act for the relief of Sheila Elsie Clarkson Flintoft.
An act for the relief of Joseph Edouard Alexandre Brunelle.
An act for the relief of Ruth Evans Silver.
An act for the relief of Mania Rissman Neftin.
An act for the relief of Lucien Gagnon.
An act for the relief of John William Newton.
An act for the relief of Rita Forest Leblanc.
An act for the relief of Marcelle Topping Paradis.
An act for the relief of John Edward Foran.
An act for the relief of Evelyn Woolls Gallagher McDougall.
An act for the relief of Edward Satel.
An act for the relief of Mollie Litvack Rabinovitch.
An act for the relief of Nora Elizabeth Wolverson Powell.
An act for the relief of Hazel Miller Clark.
An act for the relief of Zofia Janina Hurny Slesicki.
An act for the relief of Carmen Cortez Leigh Pitt.
An act for the relief of Paraskevy Moshonas Moshonas.
An act for the relief of Mary Lee Wilson Couttie.
An act for the relief of Giacinta Villarosa Colucci.
An act for the relief of Irene Dora Baker Pearson.
An act for the relief of Gisela Kunz Cobel.
An act for the relief of Aline Rousseau Laporte.
An act for the relief of Dorothy Arlin Wintrobe.
An act for the relief of Hazel Irene McKay Puttee.
An act for the relief of Demetra Denis Varverikos Kotsos.
An act for the relief of Therese Deschamps Pare.
An act for the relief of Beatrice Edith Paige Bouchard.
An act for the relief of Sheila Edith Emily Little Staniforth.
An act for the relief of Elias Helakos, otherwise known as Louis Childs.
An act for the relief of Albina Legault Desjardins.
An act for the relief of Maia Piibe Paul.
An act for the relief of John Russell Watt.
An act for the relief of William Watson Southam.
An act for the relief of Marie Joyce Kane Grant.
An act for the relief of Anton Josef Cermak.
An act for the relief of Myriam Micheline Weil Goldschmied.
An act respecting the Huron and Erie Mortgage Corporation.
An act respecting the Roman Catholic Episcopal Corporation of Pembroke.
An act to amend the Winnipeg and St. Boniface Harbour Commissioners Act.
An act to amend the Criminal Code.
An act to amend the National Harbours Board Act.
An act to amend the Representation Act.
An act to amend the Financial Administration Act.

[Mr. Speaker.]

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Coldwell: Mr. Speaker, before the dinner recess I was suggesting that the time had come when the alien government now in Formosa should be expelled from that island. I said that in my opinion, and in the opinion of many others, it was a dictatorship which had achieved power there by means which could not be described as other than bloody and cruel.

During the dinner recess I happened to be looking at some newspapers and I read that the moderator of the Presbyterian Church of Canada, Dr. J. L. W. McLean, has just

returned from Formosa and he is reported in the Victoria newspapers. I am going to refer particularly to the report which appeared in the Victoria *Times* of March 12, in which he stated:

> On his return from Formosa Dr. McLean called that world trouble spot a police state. "There is no open discussion," he said. Police were in evidence everywhere and people were very careful in what they said. In Formosa during the Tachens crisis, he said there seemed more alarm on this continent than in Formosa itself.
>
> The nationalist claim to liberate the mainland was "just propaganda", he said.
>
> The nationalist government was made up of mainland people who had fled to the island. Thus the government was resented by most Formosans, he said.

In another report he went on to say that the government could not exist but for the support of the United States.

I wish to put one more quotation on the record, from the speech which I heard Mr. Attlee make at Scarborough. May I just say in passing that naturally I am quoting these statements out of their context. Mr. Attlee and those who were with him are under no illusions as to the present government of China being a dictatorship; I refer of course to the mainland of China. They are under no illusions that that government, as is the case with all communist governments, has at times been overbearing and cruel towards its opponents. But there is a distinction in his opinion between the situation in China and the situation that has been found in some other communist-dominated countries.

He says this:

> As to the direction in which China will move, that is anybody's guess. There is a long tradition of civilization in China going back thousands of years to days when we were barbarians. The impact of communism on an ancient civilization like that is quite different from its impact on Russia, which was after all the most backward of all the European family. I cannot think that the Chinese with their great traditions will fall for the cruder forms of communism. Indeed, I think there is every sign to show that they apply their communism with a good deal of elasticity. You may say in its early days, it is anybody's guess how they will go. There is undoubtedly a considerable degree of toleration in matters of religion; that is a tradition in China. It may go the other way; at present there is a certain amount of it.

Then he adds:

> I do think that we in this country, who can take perhaps a more detached view than the people in the United States, should do all we can to try and bring together these peoples of the east and west.

Therefore, Mr. Speaker, I appeal to the government of Canada to speak out while there is time to speak out and to support the establishment in Formosa of a Formosan government elected by the Formosan people with the island neutralized by the United Nations Organization and not dominated by any one of the great powers.

I mentioned the Yalta situation and the transcript of the American-made notes of that conference. Let me remark that this was done under the strong protests and later the reluctant acquiescence of Sir Winston Churchill. May I say that if off-the-record remarks and discussions at international conferences are made public, then there is a real danger that those attending will exercise such care in what they say that the results of such conferences may be seriously interfered with. To publish at this time, when conditions have changed so completely, remarks and discussions made under quite different circumstances, and for what appears to be purely political and partisan purposes in the United States, is, as I have said before, a shocking performance. I shall leave it at that.

I mentioned the third matter which is causing grave concern among all thinking people and that is the nuclear tests which are being made in the United States and Russia at this time. Scientists, of course, disagree as to what their effects may be; no one knows. But one group of eminent atomic scientists warn that the dangers are imminent and grave indeed.

Consequently, I appeal to the government again to do what it can and I think that Canada can do much because, after all, Canada is represented on the United Nations atomic committee along with the United States, Great Britain and Russia.

We should do all we can to bring about a conference of the powers which have nuclear weapons with a view first to ending these dangerous experiments. For my part, I believe the control of the manufacture and use of these weapons must ultimately be a part of a larger disarmament conference or agreement.

I realize that disarmament is inextricably linked with the settlement of political differences. The western powers said that a further conference of the great powers must await the ratification of the London and Paris agreements. Whatever views there may be of these agreements, the fact remains that France appears to be about to make the final ratification without doubt. Other countries involved have no further hesitation and hence a four-power conference should be called immediately if for no other purpose than to endeavour to negotiate an agreement regarding nuclear weapons. As I said, I would wish to see effective measures of disarmament as a part of a general agreement for the negotiated settlement of outstanding disputes and difficulties.

When I say that, I am under no illusion that such negotiations could be accomplished overnight. I realize it would take a considerable length of time and might have to be done piecemeal, little by little and bit by bit.

In urging this Canada could perform a very useful service in publicly and explicitly taking the lead in calling for such a conference followed, of course, by the implementation of the United Nations charter in regard to security and general disarmament arrangements. But in spite of what the minister said this afternoon I still think—and I think it strongly as do many others—that the solution of the present world problems will not be found in the development of nuclear weapons, the building of armaments or the stretching of strategic bases from one end of the world to the other in order to contain communism.

I think that the only way in which communist propaganda and aggression can be met will be in a field other than the field of military containment and organization. The United Nations Organization has done much in this regard already. The world health organization has done much to improve the standards of health and the elimination of tropical diseases which have afflicted Asian and African countries—yes, and some parts of Europe and South America—for generations. This is the kind of thing that will gain support for the western democracies. Yet the amounts we have appropriated, when compared with our expenditures on military defence, are pitiful and quite inadequate. The hon. member for Prince Albert (Mr. Diefenbaker) this afternoon put on the record some very compelling figures as to our inadequate contribution both to the Colombo plan and to the technical aid of the United Nations. Another fund that I think has done much to win support to the democratic cause is the children's fund of the United Nations. That is supported, of course, by public national—or international, if you like—contributions as well as voluntary contributions. All these activities have done much to win support. Of course, I could enumerate many other projects of the same kind.

After all, if we are to win this war, the cold war if you like,—the battle for men's minds across the world—we need far greater effort to remove the causes of disease, famine and poverty and to raise the standards of living everywhere in the world. Communism is born and bred mainly in depressed areas, not only in foreign lands but in our own land. Of course it is true that among the most active of communists are often men and women with, I think, mistaken ideals who, impatient at the slow development of humanitarian policies in our midst, believe that revolutionary movements offer the quickest and best hope of success. Needless to say, they are blind to the suffering which violent revolution inevitably involves, whether it is in China, Russia or any other country where these violent revolutions occur; and they continue not only during the period of the revolution itself but during the longer period of rehabilitation which follows these social upheavals.

So I say the response of the non-communist world must be made more forthright in the fields of economic and social progress. I join in the plea that was made this afternoon for a greater appropriation for these world needs. I am not talking about a billion dollars from Canada but I am saying that, instead of the paltry $20 million or $25 million subscribed by all the nations of the world for technical aid in the United Nations, a billion dollars would be insufficient to meet the world's needs in the years to come. Indeed, the new plan for the raising of capital for backward countries envisages $250 million for development.

When I think of technical aid, I am thinking not only of the one sort of technical aid by the kind of subscription that we have been making through the United Nations to that organization's special fund but of other funds as well to the extent of a billion dollars or so in all. So I say that with quite inadequate funds the United Nations Organization for technical aid has been doing a remarkable job. When one realizes, as I have said before, that the united nations together are subscribing just over $20 million a year for this purpose and when one contrasts that amount with the amount that we are collectively spending on military defence, running into hundreds of billions of dollars, we can realize what might be done if our appropriation for technical aid were proportionate in some degree to our expenditure on other—and, let me say at once, necessary—military defence.

Last autumn I had the opportunity of being in the Middle East in the state of Israel for a couple of weeks and in that state, which is led by a highly intelligent and devoted group of men and women, I saw a good many evidences of what can be done with outside capital aid and technical assistance. The draining of swamps and the ending of malaria, the engineering aspects of water utilization, irrigation and hydroelectric projects, and experiments in the production of new crops like cotton in that area have all been to some extent assisted by technicians sent by the technical aid division of the United Nations and financed, of course, largely by Jewish bond drives and gifts from abroad.

I might say that Canadian contributions to United Nations technical aid are now $1,500,000, a relatively paltry sum when the need of the world is considered.

Then, of course, there is the Colombo plan. That is the most interesting project in which we are engaged. Upon the success of technical aid, the Point Four plan of the United States and the Colombo plan, I believe, depends the victory of democracy over communist propaganda in southeast Asia. The Colombo plan originated in 1950 and has since then been extended beyond the confines of the commonwealth countries of southeast Asia to take in neighbouring states, and the United States has become involved.

This afternoon the hon. member for Prince Albert mentioned the extremely low standard of living of the people in this area. The people in this area—600 million of them—have annual incomes of about $50 or $60 a year. The people there live on a subnormal diet averaging about 12 ounces of cereals per day or less than 2,000 calories. Those are official statements. According to medical experts, this is regarded as a minimum for survival and, except in special circumstances, few persons in North America are reduced to such a low calorie diet. Yet, before the war these areas produced a third of the world's fats and edible oils, three-quarters of the world's tea, nearly all the world's natural rubber and many coarse textile materials such as jute, not to mention cotton. These resources were the monopoly of western companies.

Asians understandably believe that they were thus exploited to produce wealth for the western world. So I think we are under obligation to do everything we can to improve the standards of living and to make amends for the exploitation of earlier years. So I say if we are to retain the friendship and support of these people there is the necessity for rapid improvement in the standards of living. I am not suggesting that we make, as is sometimes said, great gifts of food and so on to these people though sometimes famine requires them. The main thing that we must do is to enable them to feed themselves and to build up their own economy, and to train young men and women and to assist them to do all that is possible, when they go back to their countries, to enable their countries to become prosperous in the years ahead.

So, Mr. Speaker, I want to make these few points today. But what I have said towards the conclusion of my remarks is what I should like to emphasize most, that if we are going to win this battle for men's minds we are not going to win it on the military fields. One of the disappointments I had when the United States secretary of state was here quite recently was that he seemed to emphasize the problems facing the world rather as a war minister than as one who was interested in matters of the kind about which I have just been talking. While defence may be and is necessary, nonetheless what our people need to learn most is that we have got to do everything we can to win the people of Asia to our side, and that means that we have got to assist them to improve their standards of life and eliminate the seed beds of communism; for poverty, misery and want are the seed beds in which subversive ideas thrive.

Mr. Solon E. Low (Peace River): Mr. Speaker, the minister as usual gave a most interesting and thought-provoking speech this afternoon. There are quite a number of things I should like to have time to comment upon but I am afraid that my task has been made a little different as a consequence of one of the speeches at least made this afternoon. Therefore I shall have to refrain from commenting on the minister's speech to any great extent except to say I had hoped that in the course of his address he might have had something to say about the Middle East because there are some problems there which have got to be solved if peace is to be brought to that part of the world and if the security of one of the great trade routes of the world is to be maintained. However, perhaps in the course of his rebuttal he may have a chance to say something about it then.

I should like to comment briefly on the speech made this afternoon and this evening by the hon. member for Rosetown-Biggar, (Mr. Coldwell). I think it was a speech which will give comfort to the enemy. I think it was a speech that paralleled to a very great degree the communist line.

Mr. Coldwell: Oh, nonsense, nonsense, nonsense!

An hon. Member: Shame.

An hon. Member: Absolutely.

Mr. Coldwell: More Social Credit smearing again.

Mr. Low: I listened to my hon. friend, and I could not help thinking that he was very sincere in what he said. I am not criticizing his sincerity for one moment, and I believe that he believed every single thing he said. But that does not for one second mitigate the influence that it will have upon a great many people because they have not the facts at hand against which to measure the things that he did say. I was very much interested in the glowing picture that he painted of what the visionary Attlee

reported as the accomplishments of the red government in China after a visit of some two weeks there, seeing, I suppose, what the Chinese government wanted him to see.

But in the course of telling about these things and painting that very glowing picture of what red China had accomplished in the social and economic fields and at the same time condemning Chiang Kai-shek for brutality, my hon. friend said nothing whatever about the millions of their own flesh and blood whom the communist regime in China have liquidated since they took over in 1949. Not a single word did he say. He made no mention at all about the brutal treatment of American and British prisoners of war in China. He said nothing about the brain washing and the forced admissions by torture of things that were false from prisoners of war in that country. That, of course, I suppose is honest government.

My hon. friend did not say anything either about the aggressions of the red Chinese, the aggression in South Korea, and after the years of killing, massacre and aggression in that area the refusal of red China to countenance free elections in Korea and try to bring about by honest effort the unity of that country under a government of their own. I suppose that is honest government. He said nothing whatsoever about Chinese induced and supplied aggressions in Indo-China and the terrific suffering of many hundreds of thousands, perhaps millions, of people in that land as a consequence. Nor did he say anything about the recent threats of the red regime to conquer Formosa, to take it by force. I suppose all of these things are to be overlooked.

I do not for one moment condone any brutal misdeeds of Chiang Kai-shek and the members of his government, but the fact that they may have committed such brutal misdeeds does not for one second excuse the red regime for committing hundreds of times as many even if they have made some progress in social and economic fields. In the course of his address this afternoon the hon. member failed utterly to distinguish between Chiang Kai-shek, on the one hand, and the strategic importance of Formosa in this very difficult time, on the other—not for one moment. That is exactly the kind of confusion that the communists of the world are trying to spread. That is what they want the people of the world to believe, that the two are one and that when you condemn Chiang Kai-shek you have to condemn Formosa and its possession for the time being by forces other than those of red China.

[Mr. Low.]

My hon. friend did not mention the fact either that from the best information available the Formosans themselves are in mortal fear of being "liberated" by red China, mortal fear of the kind of liberation they could expect from the mainland. The best information we can possibly get, the most reliable, is that they are free people and are determined to remain free. It is because of the fact that the hon. member failed to mention these things but painted the other picture of a black and brutal Chiang Kai-shek that I say his speech will be interpreted as giving comfort to the communists who are trying their level best to win the battle of men's minds by deluding them, leading them to believe a lie.

It seems that these days most of the discussion of international affairs centres around the policies of the United States. I suppose one could expect that this would be inevitable because of the position of leadership occupied by the United States in the world today, but I think that is reassuring when we review the changes that have taken place, especially in United States Far Eastern policy, since those bleak days of surrender to Russia and communism in the latter part of the Roosevelt and the first part of the Truman administrations. The world will be a long time recovering from the blunders and appeasements of those days, if it ever recovers.

On December 23, 1949, Mr. Acheson, secretary of state in President Truman's cabinet, sent to all overseas state department officials a secret memorandum that read as follows:

> American criticism of American policy over Formosa has come largely because of a mistaken popular conception of its strategic importance to the United States defence in the Pacific. The loss of the island is widely anticipated, and the manner in which civil and military conditions there have deteriorated under the nationalists adds weight to the expectation. All available material should be used to counter false impressions that the retention of Formosa would save the Chinese nationalist government, or that its loss would seriously damage American interests. Formosa has no special military significance.

That seemed to be the official American attitude in 1949, and anyone who takes the trouble to examine the implications of the whole statement will recognize in it the same ideas that the communist imperialists skilfully attempt to use to delude the American people today, and other free peoples of the world. Communists and their sympathizers are still trying to mislead the peoples of the free world with these ideas, and their purpose is to make it possible for red China to take Formosa and thus to cut the Pacific defence line.

After the close of world war II China became the centre of intensive communist activity and intrigue. Moscow-trained agents, communist agents, led bands of guerrillas in open violence and civil war against the constituted government of that country. Deluded or perfidious men in high places in America and other countries and, I might say, in some of the great newspapers of the world, went along with the communists in grossly misrepresenting the situation in China as an agrarian revolution—a peaceful, agrarian revolution, and to condition the American mind to accept the downfall of Chiang Kai-shek and his nationalist government without any question.

They did their work mighty well, and the people of America were made to believe a lie. And in their deluded state of mind they allowed China and its 400 million freedom-loving people to be pushed—and I say "pushed" advisedly—into the hands of the communists.

Chiang Kai-shek and his anti-communist forces were defeated in China in 1949 very largely because of treachery. They retired to Formosa, which was an island held for quite a number of years by the Japanese, who prior to world war II had spent vast amounts of money and effort to make Formosa the most important air and naval base in the western Pacific. Today there are on the island of Formosa and on the nearby islands nearly 600,000 anti-communist Chinese soldiers who are friendly to the western world. To keep up their morale for long years of absence from their mainland homes, families and interests is a big problem. But they represent the only available anti-communist Asiatic force in all the Pacific area. That is something we have to keep in mind. No one can identify that 600,000 with the government of Chiang Kai-shek and any treachery Chiang Kai-shek may have committed.

The sovereignty of Formosa rests in the hands of the 48 nations which signed the peace treaty with Japan in 1951, and Chiang Kai-shek governs the country on their behalf. There has been a great change in American attitude toward Formosa since Mr. Acheson sent that secret telegram in 1949 I told you about suggesting that Formosa was of no special military significance. By June 27, 1950, President Truman had evidently come to realize that Mr. Acheson's appraisal was wrong, because on that date he made this statement by way of an explanation of United States interest in Formosa:

> In these circumstances the occupation of Formosa by the communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area.

Not long after that statement was made General Douglas MacArthur, who probably knew more about Pacific defence than any man living, discussed the military significance of Formosa in a message to the national encampment of veterans of foreign wars. Speaking of the United States chain of Pacific island defences he had this to say:

> Our line of defence is a natural one and can be maintained with a minimum of military effort and expense. It envisions no attack against anyone, nor does it provide the bastions essential for offensive operations; but properly maintained would be of invincible defence against aggression. If we hold this line, we may have peace—lose it and war is inevitable.

May I point out here that Formosa is one of the key parts of the chain of Pacific island defences. General MacArthur made this further statement on May 3, 1951:

> I believe that from our standpoint we practically lose the Pacific ocean if we give up or lose Formosa. Formosa should not be allowed to fall into red hands.

There was no equivocation about that. It is natural for us, of course, in the light of those statements, to ask how safe Canada would be if the United States lost the Pacific. It is most natural. Today Secretary of State Dulles and President Eisenhower are making it quite clear the United States believes Formosa and the nearby islands are of tremendous strategic importance to the defence of America, which of course includes Canada. They differentiate between Formosa and the government of Chiang Kai-shek, which it is clear some other people do not.

Last December the United States completed a treaty with Chiang Kai-shek known as the Formosa defence treaty. It was ratified by the United States Senate on February 9 of this year. Under that treaty Formosa becomes a defence post, a part of the United States Pacific defence system. The United States has pledged to protect Formosa and the Pescadores islands even to the extent of an all-out fight for them, if it is necessary. It is expected that the United States will build land and air bases at some time in the near future. The treaty says nothing at all about Matsu, Quemoy and Nanchi, the islands still in the hands of the Chinese nationalists guarding the entrance to mainland harbours.

Most of the controversy about Far Eastern policy at the present time seems to revolve around what should happen in connection with these islands, and a good deal of foolish talk goes on about it. But one fact should be kept in mind above everything else about those islands. They are important to red China only as a jumping-off place for an attack against Formosa. There is nothing certain today of course about what the United States will do, whether in fact she will

attack, if any attempt is made by red China to take them by force. However, I think it is clear the United States feels that continued nationalist possession of the islands is important to the maintenance of morale of the nationalist Chinese troops. From what Mr. Dulles said while he was in Ottawa, and in recent speeches, one would judge that the United States government is giving most careful and earnest thought to what should be done about Matsu and Quemoy. If they think they are of special strategic importance and of outstanding value from the point of view of morale, then it may be that the United States will be prepared to fight for them if red China attempts to take them by force. It appears that the Americans are using the utmost effort in dealing with this delicate situation, and I think they are giving evidence that they will use every effort to avoid military conflict. I sincerely hope they will. But of one thing we can be sure, and that is if there is any show of weakness on the part of the United States, the reds will be alert to that weakness and will certainly make a move to take the islands by force.

What about Canada's position? What should we do in this situation? Well, it has been brought out here this afternoon—and the minister has made it quite clear in other speeches he has made recently—that Canada is not committed any more than to take whatever action may be decided upon by the United Nations itself. If the United Nations decides to take some action, then I suppose we would be committed to do what we can. The United States seems to be the only power committed to the defence of Formosa and the Pescadores. I think it our duty of course to remain calm and level-headed, to make our views known to the United States, whatever we may think, and to issue a word of counsel and caution when we feel that these things are necessary, but all with a view to being helpful to the United States in the dreadful responsibility that she has undertaken alone in the leadership of the nations of the free world.

It would be a mistake for us to engage in bitter criticism, because that would simply give comfort to the enemy, destroy the unity of the western allies and weaken the position of the United States. I join the minister in what he said this afternoon in expressing gratification that the final decision about Quemoy and Matsu rests on a man of vision, honesty and ability, a man of President Eisenhower's stature. In the final analysis, that decision must be a military one. I do not see that it can be anything else. We think that Canada should always keep clearly in focus the rights and wrongs of these international problems, and should never allow them to be obscured by fear or prejudice. We should try to assess the situation against the background of communist global strategy, but I think we have to take the position on them that will be best calculated to prevent the consummation of communist plans for world domination. If we take that position it possibly will be right.

We believe that the United States should be given moral support in their determination to prevent Formosa and the Pescadores from falling into the hands of red China, not because we feel any desire at all to protect Chiang Kai-shek and his government but because of the importance of Formosa for the defence of the free people of southeastern Asia, and even of America. We believe that when the communists have given evidence, indisputable evidence by deeds and not by mere words, that they are really anxious to establish peace in the world and they are prepared to discontinue their aggression, then the people of Formosa should be given the right to determine their own future.

We are firm believers in the principle of self-determination, and we are definitely opposed to using any country and its people as pawns in the game of international power politics. We believe that there has been too much of that sort of thing in times past. Too much human suffering has resulted. We think that to sacrifice the freedom of millions of freedom-loving Formosans to appease the communists would be grossly inhuman as well as criminal, and furthermore it would be useless and would violate a sacred trust. We believe that the Canadian people should resist the propaganda of the communists and their sympathizers on the Formosan question, as on all others, because we are convinced that they are trying to delude us and lull us into a sense of false security.

We find ourselves in fairly full agreement with the United States' Far Eastern policy as revealed in the recent speeches by Mr. Dulles and President Eisenhower, as well as by actions recently taken by congress. It is quite refreshing and reassuring to see the United States coming into a realistic policy at last. If the United States had followed in the post-war years a policy similar to their present one, the Korea fiasco would never have happened and a great many of the troubles now being faced in Indo-China and in other parts of southeastern Asia would not be vexing the people there.

Under the leadership of men of undoubted loyalty and vision and spiritual greatness, the United States appears to be developing today

a policy which takes full account of a world situation made black and nearly hopeless by the monstrous blunders and perfidies of the not too distant past.

An hon. Member: In the United States?

Mr. Low: Yes, in the United States. They give evidence of possessing a full realization of the strength, character, resources and designs of a ruthless enemy that hopes to complete the conquest of the earth largely by the strategy of the cold war which has been described as a battle for men's minds, backed up of course by the threat of employment of massive military might if needed. It is reassuring to see a growing and widespread awareness amongst the American people of the great danger that their own nation was in from subversion during the post-war years. That awareness is reflected in their almost complete rejection of the recent skilful attempt of the communists to brain-wash the American people through the strategy of the shameless liar, Harvey Matusow. It is reflected also in American awakening to the fact that communist subversion is perhaps the greatest danger to all of the free countries of southeastern Asia.

We believe that we see the United States developing a new foreign policy that takes into account the rights and the wrongs of the various problems of international relations, and we go along with that. We believe that the cold war has caused too many people to become so preoccupied with the problem of preventing a shooting war that they have lost sight of the rights and the wrongs of the other pressing problems facing the world, just as those at Yalta allowed the rights and the wrongs of Russia's demands to be completely obscured by their intense prejudices and emotions or their foolish fears that if they did not appease her, Russia would leave them to fight Japan alone.

I believe that the United States state department released the Yalta papers last week as a means of demonstrating to the American people and the world at large that the United States has indeed made a major change in policy, and that alone is justification enough for their release; but there are many more good reasons. By their action in releasing those papers they told us that Yalta is an excellent example of how not to deal with the Russians and how not to negotiate peace settlements, and I hope we are paying attention. The people of the United States today give evidence of being determined to profit by the monstrous mistakes of their predecessors in office. It is unfortunate, of course, that the United States' version of the Yalta papers seems to cast a reflection on Mr. Churchill. I think everybody regrets that. It would have been better if this could have been avoided while the great man is living; I think everybody realizes that he has made an outstanding personal contribution to this generation, and because of that we all dislike seeing him hurt in any way. But I feel sure that world-wide knowledge of his priceless services to this world will quickly disperse any cloud that may have been cast over him.

While I am speaking of the Yalta papers, I am reminded of something that happened in this house two years ago. We Social Crediters for some years had been watching very closely what was happening in the international field, and we saw surrender after surrender to communism and an alarming growth in the strength of communism. We cried out against these things, very often at the risk of severe criticism.

Two years ago quite a number of things were being revealed as having taken place at Yalta, Tehran, Casablanca and Potsdam. At that time I made a statement to the effect that when the facts of this era were made known and the full history of this time was written many people—when I said that I had in mind the millions in East Germany, the millions in Poland, Korea and other countries that I could name—would say that the last two presidents of the United States were the great betrayers of humanity. I was made the target for a great deal of attack and abuse because I had used those words. I recall that in the election campaign of 1953 the Prime Minister (Mr. St. Laurent) went around my own province severely attacking me and the Social Credit candidates generally on the basis of that statement which I had made here in parliament.

We were to be eliminated, he said, this splinter party here, because we had tried to lift the veil of secrecy which had been kept over these international conferences. We had evidently committed a sin in trying to inform the Canadian people. However, time has a habit of vindicating or condemning. I should like to point out that statesmen should possess themselves of the knowledge which is so essential to the exercise of vision, especially in times like these.

I draw the attention of the Prime Minister to the facts as they were revealed in the Yalta papers released just last week. And I further draw his attention to a statement made by one of his very ardent newspaper supporters in western Canada, the Edmonton *Journal*. In its editorial column of March 18

last the Edmonton *Journal*, speaking of the Yalta papers, made this very strong statement:

> British fears that these disclosures would lead to embarrassment all round are likely to be only too justified. Even the first summaries appearing in the news are full of dynamite. All the participants, but especially the late President Roosevelt, appear in an extremely bad light. That the president's judgment was failing in the later years of his life has long been known, but few realized the depth of his credulity towards Soviet Russia and his animosity towards Britain, or at least towards the commonwealth idea, as revealed in these papers. The most striking example, of course, was his secret proposal to Stalin for excluding British influence in the Far East and even for the surrender of Hong Kong.

The editorial continues:

> It is dismaying, too, to find the responsible leaders of the free world seriously talking about such fantastic propositions as the division of Germany into three—or perhaps five—parts.

Perhaps under the pressure of his heavy and exacting duties the Prime Minister did not have the time two years ago to keep up with his homework and research work. Perhaps because of that we should excuse him, but I merely point out that sometimes when we are trying to get the facts and inform the Canadian people we suffer in consequence abuse and attack.

The Edmonton *Journal* editorial winds up by saying that today's statesmen and diplomats, by studying the record of why and how their predecessors went wrong, will have an opportunity of avoiding their mistakes. Relating that to the Far Eastern situation I should like to point out that the communists in China appear confident and alert to take advantage of any hesitation whatsoever on the part of America and the western nations. When Mr. Dulles was here last week he called it recklessness, but whether it is alert confidence or recklessness born of a belief that they whipped the United Nations' forces in the Korean war and France in Indo-China, it is clear that in the present situation any hesitation on the part of the United States and the western nations will be interpreted as a sign of weakness and will likely encourage the reds to try to take the offshore islands, and perhaps Formosa, by force.

The United States quite rightly feels that she must not sacrifice what loyal allies she has in the Far East. The 600,000 freedom-loving soldiers on Formosa and the R.O.K. army in South Korea, with valuable naval and air bases in their possession, it seems to me, are of tremendous importance to the morale and security of all the free peoples of southeastern Asia as well as Australia, New Zealand and the North American continent.

[Mr. Low.]

I think there is solid strategic sense in Secretary of State Dulles' recent statements of American policy in the Pacific. I think that this is in strong contrast to what some of the starry-eyed dreamers of the British Labour party have been saying. Only a few weeks ago one of Mr. Attlee's cabinet ministers made the silly recommendation that Formosa be handed over to the communists and that Chiang Kai-shek be exiled to St. Helena, there to be kept under guard by the United States seventh fleet. This kind of poison has been fed to the British people now for so long that the government today is not able to take a stand except one which is interpreted by the communists as weakness.

It appears that Mr. Churchill has been influenced to a quite extensive degree by the attitude of the British Labour party. It appears likely also that Mr. Churchill has been influenced very strongly by Britain's need for trade with red China. If that is so, we in Canada and the United States have nobody to blame but ourselves for the situation. By our reprehensible attitude toward trade and the dollar problem in the early post-war years we literally forced Britain into a position of dependence upon trade with Russia and China for many things essential to her very existence. Britain's present foreign policy reflects her anxiety about keeping some favourable trading relations with those countries. I think one of the strongest pieces of evidence in support of this belief is to be found in the speed and vehemence with which Britain denounced the recent proposal that she give up Hong Kong.

We were heartened by a number of things which Mr. Dulles said in his broadcast to the American people on March 8 last. I read the script in *U.S. News and World Report*. Mr. Dulles had just got back from Bangkok and he told the American people about how the United States, working within the framework of the United Nations charter, had joined in mutual security treaties which cover the freedom-loving countries of Korea, Japan, Formosa, the Philippines, South Viet Nam, Laos, Cambodia, Thailand, Malaya, Pakistan, Australia and New Zealand. He said that one of these treaties, the eight-nation Manila pact for southeast Asia, has just come into force and that he went to Bangkok to attend the first meeting of the treaty council.

Mr. Dulles stated that the three main purposes of the Manila pact were, first, defence against open-armed aggression; second, defence against subversion; and, third, the improvement of economic and social conditions in all these countries. As I read Mr. Dulles' speech it seemed to me that the whole attitude of the American government toward

southeastern Asia was to bind these free peoples together in a brotherhood of mutually satisfactory and helpful co-operation in order to minimize the danger from aggression and also to destroy the subversive elements that keep gnawing away in an attempt to break down constituted government and to give the communists a chance to step in.

It was also clear and very heartening, too, when I read that speech to note that the United States held out to southeastern Asiatic countries the hope of substantial help from the United States in their efforts to improve their economic and social conditions. It appears that as a consequence of United States leadership in the formation of the Manila pact and by her actions since it was formed, United States' prestige has risen in southeastern Asia to considerable heights.

Reference has been made to the Colombo plan this afternoon and this evening, particularly by the hon. member for Prince Albert (Mr. Diefenbaker). In the debate on the speech from the throne I devoted a large part of my address to what I thought about extending Canada's contribution to the Colombo plan. I did not mention a billion dollars or any such figure at the time. I merely mentioned that the $26 million which we contribute today is not enough. I go along with the minister and with those who say that in extending economic aid to these countries under the Colombo plan we should extend to them the kind of help that will help them to help themselves. That is the only kind of help they can use. We should be prepared to give them whatever is required to assist them in bringing their social and economic conditions to a decent standard.

What satisfaction we have shown over the recent changes in United States policy is not based upon a desire to see a test of strength between the United States and Russia. God forbid that any such thing should ever happen. Canada would surely be involved in such a test. Our satisfaction arises because we see developing a firmer, more realistic policy that gives some hope of keeping the world out of war and of bringing us into an era of peace.

History has shown that human liberties have been won only after long struggle. They have been preserved in all ages only by being prepared to fight for them. We know we face a very, very difficult situation now, because while the only way we can preserve our freedoms is to be prepared to fight for them if necessary, we realize at the same time that if we did fight for them, it might have the effect of loosing upon the world all the tragic consequences of nuclear warfare. But we have to be prepared to take that chance just as our fathers have taken it times without number in the past.

This, of course, poses a real dilemma. If the awful nature of the problem forces us to our knees with the overpowering conviction that there is no other source of help to which we can turn but that of a just and loving God, then we will be well on the way to a solution that will save mankind.

Speaking of this dilemma on March 6, the Secretary of State for External Affairs (Mr. Pearson) had this to say:

> It can be seen that whatever happens we will need, in the trying circumstances that we face, strong nerves, and deep faith; great wisdom and patience and understanding. And we will have to shape our education and our teaching more than ever to these ends.

With these words we heartily agree.

Mr. J. L. MacDougall (Vancouver-Burrard): I am happy to rise on this occasion to participate in a most important series of addresses by hon. members of this house.

At the outset I am going to state bluntly that as far as the intricacies of foreign affairs are concerned, I am going to leave them to the experts.

From my experience on the external affairs committees of this house since 1949 and from my experience as a freshman at the United Nations, I feel that I possibly did pick up something there which might be of at least some interest to the people of Canada and the hon. members of this house, whether or not it solves any of the problems that beset the world today in this era of cold war.

First of all, sir, I wish to pay a most superlative compliment to the hon. minister of external affairs (Mr. Pearson). I have observed him at the United Nations and I am sure some of the girls and women of Canada will be envious when I say that while he was there many of the representatives from large and small foreign countries were so anxious to buss him when they met him that invariably he had to sit down. He has a great many admirers in all foreign countries and we in Canada, I think, can be justly proud not only of the minister but also of the staff—

Mr. Knowles: Our blushing diplomat!

Mr. MacDougall: —of the Canadian delegation at the United Nations.

In my youth I used to be a fair judge of feminine pulchritude and I want to tell this house—

Mr. Knowles: Don't tell everything!

Mr. MacDougall: —and the people of Canada that of all the lovely girls I saw in New York the queen rose in a garden of rosebud

girls was a Canadian girl on the Canadian delegation. In the field of beauty we have nothing to be ashamed of; rather we have much about which we can be intensely proud.

I would also like to say a word about the permanent staff. It is very easy for a delegate to go to the United Nations with a roving commission and to enjoy life, but the boys who were down there for months on end and who attended sessions at nine o'clock in the morning and frequently worked far into the night deserve, I believe, the compliments and appreciation of the Canadian parliament and the Canadian taxpayers.

When I was a boy on the prairies we did not have sufficient money to support one particular church and we had itinerant preachers of all denominations. I do not mind telling you that 90 per cent of them were terrible, but just the same—

Mr. Knowles: Hear, hear.

Mr. MacDougall: I heard my hon. friend from Winnipeg North Centre (Mr. Knowles) say, "hear, hear". I hope he is not referring to himself.

Mr. Knowles: Speaking from experience.

Mr. MacDougall: I recall my father telling me when I was a boy that when I went to a service I did not have to bother listening to a minister if he did not preach from a text. I feel that was rather good advice, and if I am going to take a text tonight it will be called "Potholes on the Road to Peace". I think that is very applicable.

Mr. Knowles: Especially in Ottawa.

Mr. MacDougall: "Potholes on the Road to Peace". Now, I wonder how I arrived at such a title?

Well, at the United Nations, as you know, there are great numbers of different types and races of people. When I speak of potholes on the road to peace I refer to the Middle East. You know without my telling you, although I wish to draw your particular attention to it tonight, the Arab world of the Middle East comprises approximately 1,500,000 square miles. What struck me as being particularly unenviable about various countries in that particular area was this, and I hope my hon. friends to the left will bear with me when I remind them of this fact. The great inhibiting factor in all that huge area, which is approximately cheek-by-jowl with any potential aggression from the Soviet, is what? First of all, it is instability of government. I would ask hon. members to listen to these facts. Jordan had 8 governments in 10 years, 50 governments in 30 years. Egypt had 15 governments in 10 years. Syria had 24 governments in 10 years. Lebanon had 17 governments from 1943 to 1954, 7 of those in the one year of 1952. Iraq had 50 governments in less than 30 years. By and large, in all those Middle East countries what do we find? We find there is practically no secondary industry. What industry there is in existence is that of agriculture. Here I should like to mention a word about the poor agricultural worker. I should particularly like to address these remarks to my good friends second to my left.

An hon. Member: The C.C.F.

Mr. MacDougall: They are always talking about the poor downtrodden farmer; he has nothing, he gets nothing but abuse—that is, those who do not spend the winter in Florida or in California. In the great majority of those countries the actual wage of the agricultural worker, who at the very best never works more than six to seven months out of the twelve, is the stupendous rate of 24 cents to 34 cents a day. From 85 per cent to 90 per cent of the people of the Middle East are suffering from three of the slow killers that beset humankind, namely Bilharzia, hookworm and trachoma. None of these diseases take the victim off suddenly like coronary thrombosis. Oh, no; they just sap the life out of him until he is ready to throw in the white towel. Lack of any initiative is the main feature of those poor victims of the diseases I have just mentioned. They are not diseases that are particularly applicable to those countries: they are tropical in nature and many of the tropical countries have them. But because of lack of sanitation, education and any kind of a standard of living worthy of the name, in those countries today we have victims who care little for the dawning of another day.

Furthermore, in those countries one finds something else that we in this house should bear in mind. Where the governments are formed, there is no sense of unity and there is no sense of loyalty. The gendarmes of the various governments are there not to protect that country or the people of that country but to protect the government.

An hon. Member: Do we have to listen to this?

Mr. MacDougall: You certainly do not have to listen; this is a free country. In addition, this instability of government breeds disloyalty. You have no national sentiment of loyalty in any of those Middle East countries, particularly those of the Arab world. As a result, you have complete chaos as far as unity of purpose is concerned, either of the people or of the governments thereof. Those that are out of power are constantly "on the make" to get into power; and when they

get into power, there is no loyalty then because it is only a matter of days or months until their very best friends will cut their jugular veins, and that is the end of the dictator of that particular country.

At this point I might also say this lest any of us has the idea that it would be worth while to spend a large amount of money to rearm the Arab world. I want to tell you that, from a study of the works of men who know, rearmament of the Arab world is an utter and complete myth. However, there is a type of interloyalty amongst the Arab countries, but unfortunately it is not one that we can admire. It is a loyalty born of hatred; and that hatred is a hatred towards Israel. I think we should realize what our position is there. We know how the recent hatred has been brought about because in the Arab-Israelian war we sided with the new state of Israel against the Arabs. In order that we might have a better picture and a deeper knowledge of what is the causative factor in that hatred, I will proceed with that explanation in a few minutes.

I was particularly struck by the dislike of many of these Arab states for the free countries of the world. Let us not think, Mr. Speaker, that that dislike is something that can be glossed over. There is an old adage to the effect that the Lord loves a cheerful giver. With respect to that matter, I think it is necessary that we, directly or indirectly, must realize that we are never going to save any country by charity. The best way to accomplish that objective is for those various countries to get a certain amount of technical knowledge from us and, by means of that knowledge, to help themselves and to pull themselves up by the bootstraps. Of these various Arab countries I was particularly struck by the appearance of the representatives of a country that, through my ignorance, I had never heard of before, the Hashimite kingdom of Yemen. I therefore became intrigued with these people. There are only some 3,500,000 people in the state of Yemen but they have a great similarity in countenance and features to the people of Israel. So I asked myself why, with this apparent background of similarity, there should be this intense dislike of the Yemenite state for Israel. I asked some of my learned friends there if they could tell me something about the Yemenites. I did not get very many answers of an informative nature, and when I returned to Vancouver I called four or five of the outstanding clerics of that city to find out what they knew about the history of the Hashimites. I received some information. Amongst those whom I called were the outstanding Protestant ministers and also His Excellency the archbishop of the diocese of Vancouver.

From these calls I gathered some slight information, but there is a more ancient, historical and biblical background to this picture than you see at the United Nations. Naturally any of us would expect that in this great cradle of humanity, the ancient world, men and women in those days had their destiny and believed in their destiny. I now refer to the great biblical characters, Abram and Sarah. They in their day were reaching an advanced age without issue. Abram and Sarah were without issue when they were more than 80 years old, although of course in those times they reckoned days and years a little differently than we do now. Sarah said unto Abram: "This is a bad state of affairs. I suggest to you that you take my handmaiden, Hagar, and from such union beget an issue." Well, I guess Sarah did not have to break Abram's arm because the upshot was that they did have an issue and the son was known as Ishmael.

Peculiarly enough, the green-eyed monster did not immediately creep into the house of Abram and Sarah, but shortly after the birth of Ishmael the Lord made a pact with Sarah and Abram and they begat a son, Isaac, who was the spiritual son. That brought trouble that eventually resulted in Hagar with her infant son, Ishmael, being tossed out into the desert. As the child was about to die of thirst and starvation the Lord created a well beside them and the child lived. Ishmael was designated by the Almighty to be a wild man, and I need not tell you he was a wild man in no uncertain terms. It was also designated that from his loins should descend twelve princes, and that also was fulfilled.

That same Ishmael then became the original father of the Arab world. One reason for the continuing hatred was the illegitimacy, as we would term it today. That of itself, I presume, was sufficient to cause the everlasting and continuing dislike and distrust of the Arabs for the people of Israel.

I should like to say a few words about those unfortunate countries before I leave them. Early in its history Saudi Arabia had practically no wealth at all, but today Saudi Arabia and some of the other Arab states have an abundance of oil which in the next 40 years will bring into the coffers of their governments—you note I say "governments" rather than people—some $80 billion. A few years ago the income was up over $200 million annually. Saudi Arabia is one of the more fortunate countries in this unfortunate mess of the Middle Eastern nations. What has she done with her money? Certainly she

has not had the warm heart and the open hand. In niggardly fashion she has made a loan of only $6 million to Syria.

Saudi Arabia has more stability of government than possibly any of the other Arab countries. One reason why they have more stability is that the people are governed by a monarchical system. Before I leave the various Arab countries I should like to refer to some words of the head of the Islamic community in the United Kingdom. He is speaking of Yemen, the country I have just mentioned, and, as the hon. member for Temiscouata (Mr. Pouliot) would say, I quote:

> It is a sorry state. People live in a hell no man can for long endure. Yemen is the miserable limb of all the poverty stricken Arab nations, living behind iron walls, in iron chains.
>
> In most of the Arab countries the guillotine has harvested the heads of the intellectuals and the rest of the people are in utter darkness or behind prison walls.

I wonder if my good friend from Rosetown-Biggar (Mr. Coldwell) will realize that that is a condition that is not necessarily taken from the bolshevik government in the Kremlin, but is a condition that is applicable today in most of those countries that have the thumb of the Kremlin on their throats, or who have satellite administrations who are responsible to the murderers of the Kremlin.

I think it would be quite unfair if I were to speak in a critical manner of those countries without endeavouring in some way to bring about their betterment. Therefore before leaving the subject I suggest that a regional resources and development bank might be established in those Arab countries. I also suggest that the initial amounts for the fund could be gathered through the medium of nations in the United Nations that would contribute. Something resembling a beginning, it seems to me, would be a sum of about $500 million, to assist in a redistribution from the "have" Arab countries to the "have not" Arab countries. By that method, and possibly, sir, by that method alone, will we of the western world be able to help that million and a half square miles. Because if there is a place anywhere on the earth's surface that is a spawning ground for communism, it is that area. The more they can do to help themselves, the greater will be their appreciation of the methods and procedures of parliamentary processes, freedom of religion and freedom of speech—those things we appreciate and they do not have.

Before leaving this sorry mess in the Middle East I would quote the words of the poet Prior who said:

> Who breathes must suffer, and who thinks must mourn;
> And he alone is bless'd who ne'er was born.

In this whole geographic area of which I have spoken, I am happy to say, there is at least one bright spot; and that one bright spot is Israel. At the United Nations I have heard this question asked: Is Israel a threat to the Arab world? The answer, Mr. Speaker, is unquestionably in the affirmative. Yes, she is—but it is not a fear from conquest but rather a fear from example.

Israel today is a democratic country that has within its confines more than 840,000 Arab refugees. She is educating them. She is giving every opportunity imaginable to all the various categories of people, rich and poor, who are within the confines of her geographic area. Let us not forget that should those potholes on the road to peace become increasingly jarring—and certainly with bad weather and the cold war they might do that—then we have at least one hope in that vast area, the hope of a democratic country that is loyal to the principles of democracy.

Tonight on this occasion I am glad to pay my tribute to the people of Israel who, under difficult circumstances, in my opinion are doing a terrific job in the rehabilitation and further development of that country.

I have already mentioned the multiplicity of parties, the lack of loyalty, the disunity and hatred that exist there. I wonder if we cannot learn a lesson from them. Although we have not a two-party system in this country, a system in which I thoroughly believe for the proper working of democracy, we still have national unity and national loyalty, despite the fact that we have twice two political parties sitting in the House of Commons.

I wonder, if we go along negligent of our duty as liberal democrats—and I use the small "l"—how long we can expect in a spirit of complacency to anticipate that this unity, harmony, benevolence and good will is going to continue. Will it go on ad infinitum or will it terminate within the near future? I ask hon. members to give that thought. How long, oh Lord; how long?

Now I come to the latter part of my remarks—and in doing so I am sorry my good friend from Macleod (Mr. Hansell) is not in his seat, because I appreciated his intricate skating and shadow boxing of a few weeks ago when he so effectively, without an answer from my Tory friends, sabotaged their political effort. I was very much surprised by that.

It may be that in the Tory party there are political diagnosticians who are much smarter than I am; but I am right here to tell

you that if I had been a Tory that day I would have been forced to rise to my feet and challenge, if not deny some of the accusations the hon. member for Macleod made on that occasion.

Mr. Hodgson: He was singing hymns that day.

Mr. MacDougall: And if my hon. friend who sits behind me wants to join in the singing of hymns, that is all right with me. I can sing them as lustily as anybody in the house. The situation however was one that startled me. And I might say before I go further on that particular aspect of this non-political discourse that despite the work done by the then acting leader of the Tory party, the hon. member for Dufferin-Simcoe (Mr. Rowe), the absence of the permanent leader of that party from the house was in my opinion as conspicuous as the crash of a giant cedar against an opening in the horizon.

Some hon. Members: Oh, oh.

Mr. MacDougall: My good friends laugh at that. If their leader was to leave them through illness I would feel sorry for them as well. It is not every party that is as fortunate as the Liberal party that has alternates always ready to take over. It is a fine thing for democracy that you can do that, but it is not always easily done. In a more or less serious, and at the same time jocular manner, I would liken my Social Credit friends to a mulish party. You may interpret that as being stubborn. I do not wish you to put that interpretation on it at all. It would be unfair. But their party is composed of Liberals, and I might say former diehard Tories, who have joined the bandwagon of Social Credit. Because they have no lineage, if I might put it that way, certainly no long lineage of socred doctrine behind them, it is in order, in my opinion, to say that they are mulish because they are riding a hybrid organization. They are like a mule because they have no pride of inheritance and no hope for posterity.

As I listened to the attack of the hon. member for Macleod—and I am sorry he is not here, because I told him that I was going to speak in the external affairs debate—my mind goes right back to the Old Testament. I shall now quote from the second book of Samuel, chapter 20, verses 9 and 10. If hon. members do not think I am telling the truth I advise them to look it up for themselves when they go home.

And Joab said to Amasa, Art thou in health, my brother?

That is the way the hon. member for Macleod kicked off that day. He praised two or three of the Tory members, particularly the hon. member for Vancouver-Quadra (Mr. Green). He also spoke in glowing terms of the hon. member for Kamloops (Mr. Fulton) until the hon. member for Kamloops interjected a remark which he did not like. Then he said: Look, my friend, be careful or I will not say nice things about you. Was that not exactly like Joab and Amasa? I continue:

Art thou in health, my brother? And Joab took Amasa by the beard—

I love this.

And Joab took Amasa by the beard with the right hand to kiss him.

Ah, here is the tragedy, stark and naked.

But Amasa took no heed to the sword that was in Joab's hand: so he smote him therewith in the fifth rib,—

I remember that I used to do that when I was a youngster.

—and shed out his bowels to the ground, and struck him not again; and he died.

Mr. Deputy Speaker: Order. This might be a convenient time to advise the hon. member that his time has also expired.

Mr. MacDougall: I have a very few words left, and if I can have the unanimous consent of the house I should like to finish them. Have I unanimous consent?

Mr. Deputy Speaker: Has the hon. member unanimous consent to proceed?

Some hon. Members: Yes.

Mr. Deputy Speaker: If so, it is my duty to remind the hon. member that we are engaged in a debate on external affairs, and I would appreciate it very much, as I am sure hon. members would, if he would confine his remarks to that subject.

Mr. MacDougall: Mr. Speaker, I am delighted that you brought up that objection, because there is no question of doubt that what I am speaking on now can have a marked effect upon external affairs.

In conclusion, sir, the possible effect on external affairs is this. We talk rather jocularly about the words that appeared in print all across Canada a couple of weeks ago to the effect that a Russian scientist had developed a two-headed dog. We never for a moment thought that right here in Canada we have a two-headed party. We have a party that could some day bring about a change in external affairs, one part of which preaches Toryism and practises it, while the other head of that party preaches Douglas Social Credit and the just price. How the bones of Mr. Aberhart must turn over in his grave when he realizes, if they do that in that happy region beyond the Jordan, that

in the days when he was at his height he talked about bankers' toadies as being the most damnable thing on earth, and yet a few weeks ago in British Columbia where we have a Social Credit government, the Canadian Bank of Commerce took on to their board of directors a former minister of the Social Credit administration.

Mr. Speaker: Order.

Mr. MacDougall: I shall conclude my remarks before I am smitten on the fifth rib and die. Before I conclude, Mr. Speaker, I should like to ask everyone in this house and everyone in this country to re-educate themselves individually and collectively in the form of freedom that we all enjoy, and to live within our minds and our hearts the words written by the poet, Arthur Hugh Clough:

> And not by eastern windows only,
> When daylight comes, comes in the light;
> In front the sun climbs slow, how slowly!
> But westward, look, the land is bright!

God save the Queen.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I am somewhat at a loss as to just what to say in following my good friend and neighbour, the hon. member for Vancouver-Burrard (Mr. MacDougall). He has gone all the way from the Old Testament right down to the present Liberal party in Canada. Believe me, that is a long drop. My purpose in taking part in this debate is to get back to the subject of external affairs, but in view of the hour I would move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Harris moved the adjournment of the house.

He said: Tomorrow we shall take up interim supply, supplementary estimates and other items that may be available in supply. It is possible that the bill with respect to veterans allowances may be reported. If it is it might be desirable that it be put through its final stages in the house, if the report appears to justify that, so that we may have royal assent before the end of this month if the other place agrees with us.

Mr. Green: What does the minister mean by other items in supply?

Mr. Harris: We will take citizenship and immigration, which I believe has been reported by the committee.

Motion agreed to and the house adjourned at 9.55 p.m.

HOUSE OF COMMONS

Friday, March 25, 1955

The house met at 2.30 p.m.

(Translation):

PRIVILEGE

MR. POULIOT—CORRECTION OF CERTAIN PRESS REPORTS

Mr. Jean-François Pouliot (Temiscouata): Mr. Speaker, I rise on a question of privilege. Three French-language newspapers, *Le Droit, Le Soleil* and *La Presse,* have printed a summary of a speech delivered by me in Toronto, last Tuesday, regarding the Canadian flag. Now one of the paragraphs is not accurate, and the same inaccuracy appears in all three papers and probably in other Canadian Press dispatches.

The member added that, if Canada cannot have any national flag, the red ensign should at least carry a larger maple leaf and be rid of its outdated emblems.

L'Action Catholique of March 24 published another dispatch which is even more inaccurate than the one I have just quoted.

Toronto—Mr. Jean-François Pouliot, Liberal member for Temiscouata, asked for a "distinct and official" Canadian flag without the maple leaf. He told the Toronto junior board of trade that the union jack could fly next to this new national flag, but that it should not eclipse it.

The reports published by the Toronto *Telegram* and the Ottawa *Journal* were far more accurate. Briefly, here is what I said:

(Text):

I do not want the union flag to be minimized as a fraction of the flag. If we are to have it, let us have it full-size, but let us also have a truly Canadian flag. Both could be hoisted together.

Some hon. Members: Order.

Mr. Pouliot: I continue:

Is it not the time to have a distinctive and official Canadian flag bearing only one emblem, a large maple leaf, which will tell all the other nations of the world that Canada is the greatest of them all?

(Translation):

Mr. Speaker: I should not want the intervention of the hon. member to create a precedent and, if I did not call him to order before, it was because I had doubts as to his right to raise the question of privilege in this house for the purpose of correcting newspaper reports of a speech he made outside the house. The hon. member, being an expert in procedural matters, may not share my doubts on this point; at any rate, I should like to make these remarks in order that this case be not considered as a precedent.

(Text):

VETERANS AFFAIRS

First report of special committee on veterans affairs.—Mr. Tucker.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 281, to incorporate St. Mary's River Bridge Company.—Mr. Nixon.

TRADE

OIL—INQUIRY AS TO ACTION ON UNITED STATES RESTRICTIONS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, in view of the representations made to the United States Senate finance committee as to the views of the administration in relation to the quantitative restrictions on the imports of crude oil from Canada and elsewhere, may I ask the Minister of Trade and Commerce if the Canadian government will make it abundantly clear to the United States administration that the proposal to have these restrictions enforced by individual producers is no more acceptable than is the proposal to have the restrictions imposed by the government and that if this type of proposal is persevered in it is likely to disturb very seriously Canadian confidence in our trading relations with the United States?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the proposal of the administration antedates the legislation that was introduced in the United States congress. Both proposals were known to this government when our protest was filed and I think the subject matter of our protest deals adequately with both proposals.

INCOME TAX

REQUEST FOR CLARIFICATION OF TERM USED BY INCOME TAX APPEAL BOARD

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, with reference to the question asked on March 21 by the hon. member for New Westminster (Mr. Hahn) who inquired what the income tax appeal

board meant by the term "psychological discounts" when reviewing the case of a Winnipeg lumber firm, I would state that evidently he has reference to a decision of the income tax appeal board in the case of McDonald-Dure Lumber Co. Ltd. *v.* Minister of National Revenue.

This company in selling lumber to its customers allowed a discount, presumably for prompt payment. In its income tax returns the company deducted the amount of the discounts from its accounts receivable. The assessor considered that the discount was only a contingent reserve and disallowed the deduction claimed. At the hearing the company established that the discount was always given the customer even if payment was late and the board therefore found that it was not a contingent reserve. Mr. Fordham, the member of the board who rendered the decision, made the statement that "the amount of the discount was added to an account simply for the psychological effect on the customer who was led to believe that by paying his account promptly his bill would become 10 per cent less". The term "psychological discounts" was apparently used by a newspaper in reporting this judgment.

It might be explained that in assessing taxpayers on an accrual basis all sales made in the year are included in income—less a reasonable reserve for bad debts—whether the customer pays or not. Had these discounts been established to be contingent only they would not be allowed as a deduction until the account was paid and the discount in fact established.

REPORTED NON-COMPLIANCE WITH ACT BY POST OFFICE OFFICIALS

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, may I ask if the Acting Postmaster General can inform the house what steps are proposed to alleviate the considerable inconvenience caused departmental employees in Montreal and Ottawa by the department's non-compliance with certain provisions of the Income Tax Act.

Hon. J. W. Pickersgill (Acting Postmaster General): Mr. Speaker, I am not aware of any of the facts alleged in this so-called question but I will have inquiries made.

HOUSE OF COMMONS

INQUIRY AS TO RESUMPTION OF DEBATE ON EXTERNAL AFFAIRS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the understanding, which appears to have been quite clear in the minds of hon. members of this house, that the Prime Minister would be making a further statement during the debate on external affairs in regard to the commonwealth conference, and in view of the desire of some of us to take part in that discussion, may I ask the Prime Minister if it is his intention to do so and when we may expect the resumption of the debate we were engaged in yesterday?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I gave no undertaking about a further statement in connection with the prime ministers' conference. I said that there would be an opportunity to discuss that conference when the debate on external affairs was taking place and the hon. member for Prince Albert (Mr. Diefenbaker) did discuss it yesterday during the course of his remarks.

Replying to the second part of the question, there are many matters that we are anxious to have dealt with by the house. My colleague who has been leading the house has been discussing with the representatives of the other parties the most convenient arrangements that can be made for that purpose. I am not in a position to make any statement as to when it will be possible to dispose of the various matters.

Mr. Drew: Mr. Speaker, may I ask the Prime Minister if it will not be possible to fix a definite date so that in regard to a subject which is of such paramount concern and which was dealt with by only a very few members yesterday we might have a definite indication as to when it will be coming up so that appropriate arrangements may be made by those hon. members who may wish to participate in the debate.

Mr. St. Laurent: I hope that can be arranged to the satisfaction of all hon. members.

SOCIAL SECURITY

REQUEST FOR CONSIDERATION OF INCREASES IN PAYMENTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. In view of what is already being done in the three western provinces and in view of Ontario's offer to match any federal aid boost to old age pensioners, will the government consider increasing the amount of the pensions paid under the Old Age Assistance Act, the Old Age Security Act and the Blind Persons Act?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, my hon. friend did not give me notice of his intention to ask this question, but after listening to him I think it is quite apparent that the hon. member has had that question replied to by implication so many times that there is no need for any further comment now.

An hon. Member: The silent treatment.

Mr. Knowles: How many times can you say "no"?

POSTAL SERVICE

SEVEN ISLANDS—REQUEST FOR IMPROVEMENT

On the orders of the day:

Mr. Lomer Brisson (Saguenay): Mr. Speaker, I should like to address a question to the parliamentary assistant to the Postmaster General. Following the question which I addressed to him on February 10 concerning the improvement of the mail service to the district of Seven Islands and certain localities to the east of Seven Islands, is he in a position to let me know if the department has now reached a decision?

Mr. T. A. M. Kirk (Parliamentary Assistant to the Postmaster General): Mr. Speaker, I wish to thank my hon. friend for having given me notice of his question. In answer I may say that the department has made arrangements for the Seven Islands district to be served six times per week in the summer instead of four times, and for certain localities east of Seven Islands to be served twice weekly instead of once. The improvement of the winter service is still under consideration.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

INTERIM SUPPLY

Mr. Harris moved:

Resolved, that a sum not exceeding $515,411,790.67, being one-sixth of the amount of each of the items to be voted, as set forth in the main estimates for the fiscal year ending March 31, 1956, laid before the House of Commons at the present session of parliament; and in addition thereto, a sum not exceeding $137,500, being one-half of the amount of item 437, a sum not exceeding $439,942, being one-sixth of the amount of items 193, 196, 200, 201, and a sum not exceeding $1,975,296.08, being one-twelfth of the amount of items 18, 37, 439, 440, of the said estimates be granted to Her Majesty on account of the fiscal year ending March 31, 1956.

He said: Mr. Speaker, this is the annual request for interim supply which has always been granted after full consideration by the committee. The custom has been to ask that two months' supply be granted on all the items which are to be included in the estimates, and that custom is being followed this year.

In addition, there are several other items in which more expenditure is made in that two months' period than in the latter part of the year, and as a consequence we are asking for a sum additional to the one-sixth of those items. They are set out in the resolution and they refer particularly to the Canadian international trade fair, as that expenditure will be made almost immediately. They also refer to the unemployment insurance commission, with respect to certain items which have to be paid at this time of the year; and they refer to the Senate and the House of Commons, the major portion of the cost of these items coming at this time of the year. In agriculture they refer to experimental farm services and other items; in trade and commerce, to electricity and gas inspection services, weights and measures, etc. Therefore the total amount being requested is as set out in the resolution.

There is no item which is being released to a greater extent than two-thirds, and in this case I wish to give the assurance which is given on every occasion when this bill is passed concerning the right and privilege of hon. members to criticize, or in fact to refuse supply at a future date. I give the necessary undertaking.

Mr. Macdonnell: I should like to ask the minister whether his undertaking is given to the actual members now sitting in this house, or merely to members of parliament from time to time; because a question arose about that point in 1949, when the minister took the position that in view of the pending election it was not necessary that the members sitting in the house at that time be the members for whom the undertaking was eventually carried out.

This question has always been a little hazy in my mind, and I rise now because I thought in view of the fact that we have a new Minister of Finance it would be an excellent time to have the point fully clarified.

Mr. Harris: I am not familiar with what the future might hold, of course, but it seems to me it is almost a physical impossibility to have an election in the period of time covered by this request; therefore I think it is unlikely.

Mr. Macdonnell: If the minister will look back to 1949 he will find how it is possible.

Resolution reported, read the second time and concurred in.

Interim Supply

WAYS AND MEANS

INTERIM SUPPLY

Hon. W. E. Harris (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Harris moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1956, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $515,411,790.67, being one-sixth of the amount of each of the items set forth in the main estimates for the fiscal year ending March 31, 1956;
2. The sum of $137,500, being one-half of the amount of item 437 of the said estimates;
3. The sum of $439,942, being one-sixth of the amount of items 193, 196, 200, 201 of the said estimates; and
4. The sum of $1,975,296.08, being one-twelfth of the amount of items 18, 37, 439, 440 of the said estimates; as set forth in the resolution concurred in this day in the committee of supply.

Resolution reported, read the second time and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 284, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1956.

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

Clauses 1 to 3 inclusive agreed to.

On clause 4—*$439,492 granted for 1955-56.*

Mr. Knowles: I wish to say something regarding schedule B which is referred to in clause 4. I am in your hands, sir, as to whether I should do it now or wait until you call the schedule.

The Chairman: Schedule B will be called in due course.

Clause agreed to.

Clauses 5 to 7 inclusive agreed to.

Schedule A agreed to.

On schedule B—*Labour and legislation.*

Mr. Knowles: Mr. Chairman, according to schedule B it would seem that in addition to the two months which is being asked for with respect to all the items in the main estimates, an additional two months is also being requested with respect to items 193, 196, 200 and 201. I am particularly interested in item 193, which reads:

To provide for the transfer of labour to and from places where employment is available and expenses incidental thereto, in accordance with regulations of the governor in council.

I assume that the reason the government is now asking for a total of four months out of the twelve in this item is as a result of the unemployment situation at the present time. What concerns me is this, Mr. Chairman. Despite the fact that we know that the unemployment situation this year is worse than it was last year, according to the main estimates the total amount to be asked for this year for this purpose is only half what was asked for last year. I am looking at page 34 of the main estimates where it is noted that $200,000 was voted for this purpose last year. But only $100,000 is being asked for this same purpose this year. If it is intended to expend four-twelfths of the year's amount under this item in the next little while, what will happen if further money is needed for this purpose.

Mr. Harris: The hon. member knows quite well what will happen. We will have a supplementary estimate next year.

Mr. Knowles: Is it possible to get from anyone on the government side a statement as to what is happening right now under this item, how much is being spent week by week or month by month, or how many people are being assisted to move from one place to another in order to obtain work?

Mr. Harris: Not at this moment. I will get the information and give my hon. friend what I have.

Mr. Macdonnell: Mr. Chairman, may I, by consent, ask the minister a question with regard to clause 6, the power to borrow, which was not apparently in the act last year?

Mr. Harris: I beg the hon. member's pardon?

Mr. Macdonnell: I am asking with regard to paragraph 6 or clause 6, the power to raise a loan.

Mr. Harris: The borrowing power was contained last year in the final appropriation bill. This year, since we have almost reached the limit of that power, we thought it would be appropriate to have a section here giving us power for this coming fiscal year to borrow the same amount as was borrowed last year. I am told that the borrowing authority is down to about $50 million at the moment. This bill will provide for the same

borrowing authority that would normally be asked for and obtained in, say, May or June.

Schedule agreed to.

Schedule C agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: By leave, shall this bill be read a third time now?

Mr. Knowles: By leave.

Mr. Harris moved the third reading of the bill.

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

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF AGRICULTURE

Production service—

Health of animals—

552. To provide for payment of compensation to owners of animals or poultry affected with diseases coming under the Animal Contagious Diseases Act, which have died or have been slaughtered in circumstances not covered by the above act and regulations made thereunder, and to provide for payment to owners for loss of cattle during treatments for immunization against hemorrhagic septicaemia, all as detailed in the estimates, $7,725.

Mr. Charlton: Is the Minister of Agriculture going to be here to answer these questions, Mr. Chairman?

Mr. Harris: No.

Mr. Charlton: Can the minister advise me about the first item amounting to $7,725? I am not criticizing it. I am just curious as to how and when they started this practice of paying this money out for animals that died, I presume, from the time they are immunized at Winnipeg until they arrive at Toronto or probably at the farm. I wonder whether the minister will explain that point.

Mr. Harris: As I think my hon. friend knows, last year it was decided to experiment with respect to certain diseases that overtake animals and also with respect to the treatment to be given especially with regard to those animals that are shipped from the west to the east. The result was that, in the course of carrying out this experiment, certain cattle died. The items set out here totalling $6,090 are the intended payments to the farmers who would ordinarily stand to lose. I notice that most of them or, in fact, all of them, are in the east and a large number of them are in western Ontario.

Mr. Charlton: That is to be taken for granted, Mr. Chairman, because they are all feeder cattle coming in from the west to western Ontario.

Mr. Harris: That is right.

Mr. Charlton: I do not think they have much trouble with anything else.

Mr. Harris: No.

Mr. Charlton: They are immunized at Winnipeg.

Mr. McCullough (Moose Mountain): I should like to ask the minister this question. Do I understand that these are cattle that have been treated for septicaemia and thereafter have died?

Mr. Harris: Yes.

Mr. McCullough (Moose Mountain): If these cattle were treated prior to shipment, it seems most unusual, does it not, that they should die? That is the regular procedure in the shipping of cattle, according to my information and knowledge of the shipping of cattle. We generally have little loss if the cattle are immunized for septicaemia prior to shipment. This would seem to me to be a heavy loss if they were properly immunized prior to shipment. I wonder whether there is any further explanation with regard to that matter.

Mr. Harris: No. I do not think any further explanation can be made, Mr. Chairman. The fact of the matter is just what I said before. This was an experimental treatment of animals. As a result, certain animals died; and the department feels that they ought to bear the loss rather than the owners who agreed to submit their cattle to this experiment.

Mr. McCullough (Moose Mountain): I wonder just why the department undertook this experiment. In respect of cattle going to the ordinary feeder channels through the Winnipeg market, the farmer undertakes his own responsibility. Is this going to be a procedure that is extended to all farmers shipping feeder cattle or is it merely with respect to those coming to eastern Canada?

Mr. Harris: I presume that from time to time the Department of Agriculture will carry out these experiments and tests under the conditions that they think would be most appropriate. It might be the shipment of feeder cattle one year; it might be some other form another year.

Mr. Diefenbaker: I should like to ask the minister one question with regard to the

nature of the compensation. For instance, a number of farmers bring to my attention the fact that where their cattle have been destroyed or at least have been found to be unfit for human consumption by reason of those animals suffering from lockjaw, there is no compensation. There have been quite a number of cases recently in which farmers have taken their cattle to the packers, where it has been found that they were suffering from lockjaw and claim for compensation was denied. Why is there that restriction?

Mr. Harris: I am afraid I cannot answer that question. I am devoting my attention only to those items that we are recommending for payment. Discussion on whether these animals ought to be paid for, I would suggest, could be had on the estimates for the coming year.

Mr. McCullough (Moose Mountain): I should like to ask the minister how many cattle were treated for septicaemia under this program and how many were in different shipments? I should also like to know the total shipments which were made, those shipments which were treated and those which were not treated; and also in those shipments which were not treated, how many died. I should like to have that information if any record is made of those shipments.

Mr. Harris: The total number of animals which were subjected to the test ran to 9,400. Of those, we are paying for 73.

Mr. Bryce: I do not know whether or not the minister has this information, but on what basis is this compensation paid? Is it so much a head, so much a hundredweight or according to whether the animals were purebred or commercial animals?

Mr. Harris: I notice that the payments vary from a low of $77 in one case up to a total of $1,100 in another, so I take it that it was on the basis of the value of the animals.

Mr. Bryce: The $1,100 would be for how many?

Mr. Harris: Eleven animals.

Mr. McCullough (Moose Mountain): Perhaps I did not make myself completely clear. What I wanted to know was how many cattle that were treated died and how many that were not treated died. I take it we are trying to determine the effect of this experiment and I should like to know how successful it was.

Mr. Harris: As I understood it, my hon. friend asked how many were subjected to the treatment and how many died. I gave those figures, 9,400 and 73. What is the other figure he is asking for?

Mr. McCullough (Moose Mountain): The number of cattle that were untreated which died. Then I would have a comparison.

Mr. Harris: I am sorry, but I cannot hear.

Mr. McCullough (Moose Mountain): How many were shipped which were not treated and which died of septicaemia?

Mr. Harris: The figures I have relate only to those which were treated. I have no information as to the numbers that were not treated because we are not concerned with those.

Mr. McCullough (Moose Mountain): Then I take it we cannot have the information which would enable us to decide whether or not the experiment was successful. It could very well be that there were few losses among those which were not treated. In that case the experiment would not be successful. If the minister does not have the information, I suppose we will have to leave it at that. I should also like to know something with respect to a rather new disease, and I think it would come under this item. I want to inquire about what is termed the black disease which is a type of blackleg or septicaemia. The symptoms are rather difficult to diagnose. Has the department made any provision to investigate that disease which is occurring in western Canada, particularly in Saskatchewan?

Mr. Harris: My answer again must be what it was to the hon. member for Prince Albert. We are concerned here with the expenditure of money for certain purposes, and if the hon. member has other questions in mind he can ask them on the main estimates.

Mr. Charlton: The minister has suggested that this is an experiment and has said that 9,400 animals were tested. As I understand it, they are given an injection at Winnipeg to ward off hemorrhagic septicaemia. Is it a case of some of the animals having died after the injection? What happened to them? Where did it happen? Did it happen in the railway yards, on the trains coming east or after they arrived here? Under what circumstances were the animals slaughtered?

Mr. Harris: The animals died at various times. Some of them arrived in the east and were treated a second time and then died on the farm. Others died in transit. Of the 9,400, approximately 500 showed some signs of this disease and 73 died at one time or another.

Mr. McCullough (Moose Mountain): I think this is rather important from the point of view of the livestock producers. Do I understand that cattle which were healthy were treated with the vaccine for hemorrhagic septicaemia and then either en route or after arriving at their destination 73 of them died?

Mr. Harris: That is right.

Mr. McIvor: That is what he said.

Item agreed to.

Terminal services—

554. Freight assistance on western feed grains—further amount required, $2,000,000.

Mr. Pearkes: This item brings the amount for freight assistance up to $19,500,000, I believe, by adding the $2 million to the original vote. I presume this amount is necessary because it has been decided to do away with the reduction in freight assistance announced earlier this session and restore the assistance paid on feed grains to British Columbia. If that is so, I should like to take this opportunity to thank the minister for having corrected the mistake made earlier this session. Of course, if it is not I would ask the minister to explain exactly what this amount is required for.

Mr. Harris: I should like to be the recipient of the good wishes of the hon. member but I am afraid I cannot be. This is in fact another $2 million that will be needed for the payment of feed grain subsidies in the year ending next week. It merely indicates that the original vote of $17 million was not sufficient for that purpose and that there has been a much greater demand on the vote than has been the case in former years. This item is for the purpose of providing the extra money we expect to spend before the books are closed for this year.

Mr. Herridge: Like the hon. member for Esquimalt-Saanich, my constituency is very interested in the question of freight assistance on western feed grains. Since the government announced its change of policy I have been flooded with letters from poultry producers, dairymen, farmers' institutes and other agricultural organizations all expressing dismay at the government's change of policy and urging reconsideration. They have asked me to try to melt the minister's heart. It is a very serious matter for many of the poultry producers and dairymen in my constituency particularly because they live under somewhat unusual circumstances. They do not enjoy the good transportation and other facilities that exist in many places on the prairies.

One letter I received from the secretary of the Fauquier farmers' institute brings to my attention particularly what the loss of the $5 a ton means to the producers of the Arrow lakes area. The secretary advises me that egg prices have been at the lowest level for some years, an average of 16 cents per dozen lower than 1953. These two conditions are province-wide and that is the reason for the province-wide complaint from British Columbia with respect to the reduction in freight assistance. In the district I represent there are certain other difficulties that are more or less local. As a result of the loss of the C.P.R. steamship service on the Arrow lakes, it costs the farmers of that area $5 a ton more to move their grain by means of the present service than it did last year. In addition, certain other difficulties have arisen because of the change in service.

I am not going to delay the committee except to say that this is a serious situation for many dairymen and poultry producers in my constituency and will have serious effects on them in making a satisfactory livelihood. Because of the pioneer conditions under which some of them live it will mean complete bankruptcy. Therefore I do ask the minister to bring my remarks to the attention of the Minister of Agriculture to see if something cannot be done to restore at least partially the assistance which has been so helpful to these pioneer producers in the years past.

Mr. Hahn: Earlier in the year I spoke at some length on the question of freight assistance. I was hoping, as did the hon. member for Esquimalt-Saanich, that the minister had prevailed upon the Minister of Agriculture to let him include $2 million for freight assistance on feed grain for the people of the west and British Columbia. I seriously hope that the Minister of Agriculture will look into this whole question to see if we cannot find some way of assisting these agricultural people in British Columbia. I can only repeat what I said before in respect to the need, and the fact that the prices received by the farmers are low while the cost of feed is high, making it practically impossible for these people to remain in business in the lower mainland area.

I know the minister is aware of the situation, and I know only too well that if he had the money available he would say, "I see no better place in Canada to put it than in British Columbia". I am looking forward to the time when he can make some money available to assist us in the way we believe we should be assisted.

Mr. Charlton: The item in the estimates last year was $17 million, and that amount was

spent. This addition of $2 million would bring the amount up to $19 million, yet the estimate for this year has been reduced to $15,500,000. Does the minister suggest that is the amount to be dropped, $3·5 million for this coming year? Why the huge drop in this freight assistance?

Mr. Harris: I am sure that is a good question to ask on the main estimates when the item of $15,500,000 is before the committee.

Mr. Thatcher: I hesitate to speak on this item, yet I have had some views on it for quite a few years and I should like to lay them before the minister today. I want to emphasize that they are only my own views. The hon. member for Kootenay West expressed very ably a moment ago the views of this party.

This item of $2 million is going to mean that in the current fiscal year the government will have paid out $19 million on feed grain subsidies. This will bring the total amount which the taxpayer has been assessed for this subsidy, since its inception, to $222 million. Now, that is a good deal of money. I hope before this item passes the Minister of Finance will express an opinion as to whether or not it is actually of great value to the farmer. I ask the house to remember for a moment the original purpose of this particular legislation. Hon. members will recall that it was introduced during the war years to encourage farmers to grow more hogs and beef, in order to make meat available to Great Britain at a time when she could not get enough meat from Holland, Denmark and her other customary sources of supply.

I feel that the original purpose of the legislation has long since been achieved. Once you get a subsidy on the books, it is very difficult to remove it. I know there would be howls of anguish if it were removed. Nevertheless I should like the minister to state whether or not some emergency still exists which would justify this subsidy. The hon. member for Kootenay West has said that certain chicken farmers in his riding might go bankrupt if the subsidy were removed. If that is the case, of course it should be taken into consideration. Yet I am still not convinced in my own mind that this huge expenditure is a sound one. I have never been able to find evidence to prove that the payment of this subsidy meant western farmers were better off. Some people may argue that we could not sell our feed grains in British Columbia, Ontario and Quebec if we did not have the subsidy. If anyone can prove such a fact, I might have to change my opinion. But to date I have found no such evidence.

As a matter of fact, I feel that if the subsidy were not there the prairie farmer would be much more likely to feed his grain on the farm in the west, and might in the long run be better off for having done that. If we must have a subsidy on feed grain to British Columbia, Ontario and Quebec, why do we not also have some kind of subsidy on the prairies? Actually, this measure is discriminatory against the prairies. If a Saskatchewan farmer in the south is shipping feed grain to the north where there might happen to be a shortage, there is no subsidy on that shipment at all. Actually, the freight rate is higher than it would be on a shipment all the way down to eastern Canada. I am only speaking for myself, but I do find myself most unenthusiastic about this expenditure. I am not convinced it is doing anyone very much good, except some of the feed dealers.

Mr. Brooks: I just wanted to say a few words in reply to what the hon. member has said. He spoke about assistance to Ontario and Quebec, but I might point out to him that it is of great assistance to the dairy farmer and meat producer in the maritime provinces. As a matter of fact, Mr. Chairman, I do not know just what the maritime farmers would do if it were not for this freight assistance on feed grain.

Mr. Gillis: Fold up.

Mr. Brooks: They would not fold up altogether, but they would come close to it, as the hon. member for Cape Breton South has said. The hon. member mentioned subsidies to the maritime provinces, Ontario and Quebec but I should like to ask him about the Prairie Farm Assistance Act. What help do the maritime provinces get from the Prairie Farm Assistance Act? We have never objected to it. If you make an estimate of what has been paid under that legislation, you will find it runs into $100 million or $150 million.

Mr. Thatcher: It is $75 million since the act was passed.

Mr. Brooks: Yes, and it is growing all the time.

Mr. Weir: Do the maritimes not get something for the marshlands?

Mr. Brooks: We get a few million dollars, but there is no comparison between the two. The marshland payments have been compared a good many times in this house with the Prairie Farm Assistance Act. There is another act, the Prairie Farm Rehabilitation Act, under which many millions of dollars collected from the public all across Canada have been contributed to the west. I am indeed astonished that the hon. member for Moose Jaw-Lake Centre would speak in this house about subsidies going to Ontario, Quebec and

the maritime provinces when there is all this money being paid to western Canada, without any complaint coming from the people in these other areas.

Mr. Nowlan: The hon. member for Moose Jaw-Lake Centre asked a question and the hon. member for Royal has answered it, but I feel I should answer it also even if the Minister of Finance does not. The Minister of Finance was down in my constituency this summer, but I only saw him for a split second as he was driving through the Annapolis valley. He could very easily have answered the question from what he saw in that one constituency. The expenditures which have been made under this item throughout the years would be justified by conditions existing in that constituency. I am not particularly favourable to the payment of subsidies, and I am not discussing the relative merits of each of these expenditures, but I can say without fear of contradiction that the payment of this subsidy brings a more direct return to people generally than any other type of expenditure that could be made.

As a result of these payments the dairy industry and other forms of the livestock industry generally, as well as the poultry industry, are able to continue. My county of Kings, Nova Scotia, is now the largest poultry producer in Canada. This has come about with developments during wartime and since.

Mr. Pickersgill: And the Newfoundland market.

Mr. Nowlan: All these factors enter into that situation, but it could not exist if it were not for this freight rate subsidy, because of course the cost of moving feed grain all the way across the country to the eastern border is quite large. I did not intend to mention this item at all, but I could not sit here and let someone challenge it. I am satisfied that some items should be questioned more than others, and some are more valuable than others; but I am satisfied that there is no item more valuable than this one in the whole group of supplementary estimates.

Mr. Pearkes: When the minister replies to the hon. member for Moose Jaw-Lake Centre, I hope he will point out to him that the prairie farmers enjoy the farmer-to-farmer benefit in the sale of their feed grain. When one prairie former is anxious to unload a lot of his grade 5 wheat he just sells it to his neighbour, and they do not have to go through the wheat board. But when the British Columbia farmer has to buy his wheat it has to go through the wheat board and he has to pay the premium thereon. I hope the minister will point out to the hon. member for Moose Jaw-Lake Centre that there would be no chickens and no turkeys on the prairies if it were not for the early-hatching eggs which come from British Columbia.

Mr. Gillis: It is much easier to justify this subsidy than the gold mining subsidy. It is national in scope and very necessary in the part of the country in which I live, particularly in relation to the poultry farmer. Last year, quite a few people came to see me on this particular question of feed grains. Despite the subsidy, feed grains have gone up in price by $5 a ton pretty well all across the country. In the last year the price of eggs has gone down in the maritime provinces. If they are to continue their operations on the present basis, then they need this subsidy. If it were not for this subsidy there is no doubt as to what would happen in Kings county in regard to poultry, and all through the maritime provinces. It is a very lucrative industry there and has been built up largely because of this subsidy. I am not going to argue it; I know the minister is taking the right position on it and he should continue it.

I would point out to the hon. member for Moose Jaw-Lake Centre that this subsidy is a great help in the marketing of feed grains in the part of the country from which he comes. In many sections of the country where these feed grains are needed we have to drag them thousands of miles across the country because we cannot grow feed grains and other grains in many parts of Canada. They do not grow there. They have to be obtained from the United States on the eastern seaboard or from Saskatchewan and Manitoba and from other parts of the country that sell feed grains. Without this subsidy I am reasonably certain that we would not be taking feed grains from western Canada all the way across the country because we can get them much closer on the eastern seaboard. This is one subsidy that no hon. member who has any understanding of what it means and what it has meant would suggest for a moment should be discontinued. It is a freight rate subsidy. That kind of subsidy is necessary if we are to market our own goods provincially.

Mr. Charlton: I am sorry the hon. member for Moose Jaw-Lake Centre brought up this question today. I can assure him that if we did not have this freight rate subsidy the western farmer would not have a very big market for his feed grain. I can also assure him that if they do not keep this subsidy the feeders in the east will be buying a great deal less of it. It is a very important part

of government expenditure. If this subsidy is cut off—it has been reduced for next year—it will make a terrific difference in the number of pounds of feed grain sent down east, because the Ontario farmers are now in a position where they are working very close to the line. A few cents difference on a hundred pounds of grain would just make the difference between profit and loss.

Mr. McCullough (Moose Mountain): I did not intend to speak on this item. However, my good friend the hon. member for Moose Jaw-Lake Centre apparently is more or less speaking as an authority. I realize that, like me, he has gone into the production of Herefords and the raising of purebred cattle. I am not sure that he is familiar with all aspects of agriculture. I am very happy that at least on two occasions in his remarks he indicated he was speaking for himself and himself alone. I farm in that part of Saskatchewan whence he comes. I take the view, sir, as do most members of this party, that we are interested in agriculture from coast to coast. It may well be that in the economic society which we in this party visualize there might not be the necessity for some of those subventions and assistance. However, under the prevailing conditions I go along with the hon. members from the maritimes and from the coastal province who have indicated that if this freight assistance were not paid, then those people would be in a very difficult position indeed. Therefore, I support it.

Since we are talking about subsidies, I think we are taking a very short point of view when we are prepared to go along with the subsidization of gold mining, when we take it from one hole in Canada and put it in another hole in Kentucky and flood and protect it down there where it does nobody any good, if we object to subsidies on feed grains. Here we are talking about subsidizing feed grains for the little farmers, the people in the poultry industry who are making a living out of it. Surely, no one in this house would object to that idea.

I regret very much that the hon. member for Moose Jaw-Lake Centre does not agree with the principle which has been endorsed by the members of this group, namely, that we are interested in those engaged in agricultural production from coast to coast. I fully realize that during the war the freight assistance paid to Ontario hog producers, as an example, enabled those producers to produce their bacon hogs and receive at least $6 more for their finished hog than we received in the west. We did not mind that. We feel that every phase of Canadian agriculture in every province in Canada should get a square deal. I am very sorry that the government saw fit to cut down the subsidy by $5 a ton this year. I wish they had kept the subvention on certain grains going to different parts of Canada rather than to decrease it, as they have done.

Mr. Hosking: I had no intention of taking part in this debate until I heard the socialists introduce the topic of cutting off subsidies for Canadians. We have the wealthy farmer from Saskatchewan saying that his western farmers are no better off with this subsidy, and we find the Tories criticizing his remarks very much. Then the hon. member for Moose Mountain rises in his place and suggests there should be no subsidy on gold mining. Let me tell my hon. friend—

Mr. McCullough (Moose Mountain): I did not say that. I said that if hon. members were prepared to support gold mining subsidies, then surely they should not be reticent about supporting such assistance as this.

Mr. Hosking: I do not accept the correction, for he went on to say that it did no good. Let me tell him this. One dollar spent on the gold subsidy employs more men than money in any other subsidy.

The Chairman: Order.

Mr. Hosking: It employs more men than any other subsidy paid by this house.

The Chairman: Order. May I remind the hon. member that we are discussing agriculture, not gold mining.

Mr. Hosking: I shall return to the subject of grain subsidies. This is one of the few subsidies that benefit farmers who raise livestock in the province of Ontario. There are not many farmers in Ontario who would criticize our government for continuing to pay the subsidy that it was wise enough to put on a few years ago, particularly when the type of agriculture that it benefits is not nearly as lucrative as the type of agriculture that is carried on in the western provinces.

Mr. Argue: Mr. Chairman, the thing that is wrong with this item and with the government's policy in relation to subsidies on feed grains is not that the subsidy is too high but that the government is out to reduce the subsidy and if the present trend continues I am afraid it is out to get rid of it entirely. Along with other hon. members, I believe that the subsidy on feed grains is essential to the welfare of the agricultural industry in Canada from one end of the country to the other. I do not believe with anyone that this subsidy is peculiarly favourable to

the people who are raising poultry or livestock, but rather that it results in widespread benefits to Canada as a whole.

Surely everyone will agree that one of the factors that must be considered when you quote a price for grain is the cost of freight from where it is produced to where it is finally consumed. One of the economic impediments to the general Canadian welfare and the welfare of the agricultural industry is the tremendous freight cost and this subsidy results to the benefit of the Canadian people. As a freight subsidy it is just as important as the $7 million subsidy toward the maintenance of trackage between Sudbury and the head of the lakes.

As a grain producer and as someone who believes that he knows something about the economics of agriculture I believe that when you pay a subsidy on grain, no matter who may receive the cheque, the effect is not only, as it is, to lower the cost of feed grain to the people who are raising poultry and livestock, but it also increases the return to the people who are producing. If you removed the freight cost entirely you would automatically decrease the cost of grain to the feeder and increase the price to the producer. This may not be completely correct when you are dealing with a commodity the price of which is set by international trade factors, but almost all the feed grains produced in Canada are consumed in Canada and I believe that this subsidy helps the whole agricultural industry.

As I said, the thing wrong with it is the fact that apparently the government is out to get rid of this subsidy as quickly as it can.

Mr. Patterson: Mr. Chairman, I have always been one who felt that we should be thankful for small mercies. Some time ago when this matter was under discussion and the announcement was made that there was to be a drastic reduction in the assistance on feed grain freight rates I raised opposition on behalf of those engaged in the poultry and hog raising industries in the Fraser valley. At that time I asked the government to reconsider the matter and try to do something to extend the assistance.

We all know that the regulations have been carried out as was stated. Since that time I have had a number of protests and communications with respect to the matter. Without doubt it is imposing a great hardship upon farmers in British Columbia because of the present depressed prices for farm products. They are facing a difficult situation at the present time. We are glad that the government has seen fit to retain at least a part of the assistance but we do hope that no consideration will be given at any time in the near future to the complete elimination of this assistance. On the other hand, we would like it raised to its previous level.

Mr. McCann: Mr. Chairman, are we discussing these estimates or next year's estimates? All of this talk about a reduction in the subsidy for next year is entirely out of order. There is only one question here: are we going to vote $2 million that we have spent up to August 1 last with reference to this freight assistance?

Mr. Hahn: Mr. Chairman, I should like to direct the attention of the Minister of Finance to the fact that every party in the house supports the idea of an increased subsidy on feed grains. While the hon. member for Moose Jaw-Lake Centre said that he was speaking for himself, I would request that he make a point of suggesting to the Minister of Agriculture that an investigation committee be set up to inquire into the whole problem of the price of feed grain. Apparently the facts are such that there is such a large spread in prices that it makes it practically impossible for the poultry and cattle industries to continue in existence. I would earnestly suggest that the minister consider this point and provide a few million dollars in a later estimate to cover an investigation of problems affecting feed grains and the price spreads existing in western Canada today.

Mr. Macdonnell: Mr. Chairman, like nearly everybody else, I did not intend to speak on this item and the only reason I am doing so now is to reply to what the Minister of National Revenue just said. He seems to indicate that all we are doing here is to act as a set of rubber stamps to authorize money which has been overspent by the government and which they now have to come and ask us to grant them at the last moment. The Minister of Finance shakes his head but he can correct me later.

I suggest that it is eminently proper that we should talk about the desirability of spending this money. As I understand it, we are authorizing an additional amount to take care of something unexpected which the government did not accurately forecast. I would have thought that if ever there was a time when the discussions should be wide open it would be now. I am sorry that I cannot contribute anything to the merits of the matter.

Mr. Harris: I thank hon. members for what has been said. I cannot quite agree with the hon. member for Greenwood because after all this is merely to provide extra money for a principle which has been adopted already

and which is going to be carried out. This money is needed because a great many bills are coming in now, a greater number than was expected. This is not because of any imperfect forecast, although one cannot be accurate in these things, but because there have been much greater shipments of feed grain to the east during the past season than were expected.

Under these circumstances, and having in mind all that has been said, I am sure that the hon. member for Moose Jaw-Lake Centre will reconsider what he has said and realize that while there might have been originally some opposition, it seems to be apparent that there is widespread support for the theory that the subsidy is doing some good, not only for the producers of feed grains in the west but for those who market poultry and livestock in the east. I will draw the attention of the Minister of Agriculture to this discussion and I am quite satisfied he will be prepared when his estimates come forward to speak on any subject that has been raised here.

Item agreed to.

Special—

555. Amount required to recoup the agricultural products board account to cover the net operating loss of the agricultural products board as at March 31, 1955, resulting from the importation, in 1951, and the marketing of butter by the board, $278,494.

Mr. Harkness: Mr. Chairman, the remarks with which the Minister of Finance prefaced his statement a few minutes ago definitely do not apply to this item. As far as this item was concerned, the amount voted last year was only $10,000 for the administration of the agricultural products board. We are now being asked to vote as a supplementary item an amount of $278,494 to cover, as is stated here, net operating loss resulting from the importation in 1951 and the marketing of butter by the board. Now, it is a far cry back to 1951, Mr. Chairman. I would be very doubtful whether very much of this figure of $270,000 odd is due and can be traced back to the importation of this butter in 1951. I would like to know first of all how much of this sum is attributed to the importation of 1951, and how it is so attributed.

Mr. Harris: Gladly, Mr. Chairman. In 1951 we imported 12,514,081 pounds of butter for which we paid $6,436,684. There were various import duties of one kind and another amounting to $1,116,421. There were handling charges to the extent of $420,862, making a total expenditure of $7,973,967. We sold the butter for $7,695,473, leaving a deficit of $278,494, which is the amount of this vote.

[Mr. Harris.]

Mr. Harkness: Since this butter was imported in 1951, I wonder if the minister could tell us if it has taken the government four years to sell the butter, and therefore we are just now getting this as a supplementary estimate well on into 1955?

Mr. Harris: Yes, Mr. Chairman, it is true that a large part of the butter was sold before this current fiscal year, but there were a few bills outstanding a year ago and they overlapped into this year, and we need this vote for that purpose.

Mr. Harkness: I take it the reason there is a loss on this butter is that it was held in storage for a long time and storage charges are included in the figure $1,116,421, which I presume must be paid in connection with this butter. In other words, it would appear that there was no need to import the 12 million odd pounds of butter at that time, and that the government made an error in so doing. Four years later, acting on the assumption, I suppose, that the error had been pretty well forgotten, we are now being asked to pay for that error.

Mr. Harris: Of course one can jump to any conclusion one likes, but the facts do not bear out what my hon. friend has said. He will notice I said there were various import duties amounting to over $1 million. These were in fact duties paid on the butter imported into Canada, and came into the consolidated revenue fund. If you take $278,000 from that you will find there was a net profit on the transaction of something in the order of $800,000.

Mr. McCullough (Moose Mountain): Mr. Chairman, on this item in respect to butter, could the minister state how much butter was in storage at the time of the importation of butter in 1951?

Mr. Harris: No, I could not.

Mr. McCullough (Moose Mountain): I understand we have a carryover in storage from year to year and the idea is to keep on hand a sufficient quantity to meet the needs of the coming year in order to facilitate a sort of stabilization of the price. What is the government's policy in that regard?

Mr. Harris: Well, Mr. Chairman, my hon. friend surely remembers that back in 1951 there was practically no carryover; and while I am not prepared to say at the moment that this was the year I had in mind, there was a year when in the last two or three weeks of March butter increased in price by 20 or 30 cents a pound because of its scarcity in

this country, and about that time we did import butter because there was not a large carryover.

Item agreed to.

556. To provide assistance for the replacement of maple production equipment—further amount required, $100,000.

Mr. Thatcher: Mr. Chairman, I have one or two questions on this item. I wonder if the minister could say whether this is the item which provides aluminum pails for the maple sugar industry, and also if he could state the amount which appeared in the original estimates? I cannot find an item in the original estimates for this.

Mr. Harris: This is the item the hon. member has in mind. Over the years there has been a program of replacing buckets for use in collecting maple sugar. We had thought the job had been completed during the fiscal year ending a year ago, but we found during the course of this present fiscal year that a few were left outstanding, and this is the amount required to clear it up. I am informed that this is probably the last item of this kind.

Mr. Thatcher: I thank the minister for his reply. This is one item to which I have strenuously objected over the years. I think for a number of years we were spending $500,000 a year in this way. It was then reduced to $300,000 and finally to $100,000. I am glad to have the assurance of the minister that this is probably the last time we will have this expenditure, because it just does not make sense to me that the taxpayers of Canada should be providing farmers with aluminum pails for collecting maple syrup. If we are going to supply the maple sugar industry with aluminum pails I do not see why we should not supply dairymen with pails and farmers with water pails. This is an expenditure which I hope will be wiped out once and for all.

Mr. Charlton: Mr. Chairman, did the minister say this was the last year it would be paid?

Mr. Harris: No, I did not; I said probably.

Mr. Nowlan: Mr. Chairman, I wish to say something concerning this item, in view of the fact that the minister is not certain the item will not appear again. I was rather intrigued by his statement, because when I came into this house as a freshman some years ago I asked the Minister of Agriculture about this item and he gave us a most interesting and dramatic story in explanation, of how some high pressure salesman had most efficiently sold a vast quantity of buckets which were resulting in lead poisoning. It was therefore necessary to clear up the matter by supplying aluminum pails.

That appeared to be a reasonable explanation which one could accept. But the whole trouble is, Mr. Chairman, that this epidemic of lead poisoning occurred in 1940, following which this program was launched. I am wondering what degree of tolerance toward lead poisoning has been developed in the last 15 years. The physical structure of the people who were subjected to this poisoning must have been very greatly toughened in the interval, or else everyone has died. Surely there must have been a cut-off date if it was a matter of lead poisoning. If the Minister of Agriculture had not told us that dramatic story I would not have bothered with it again.

Mr. Harris: It is very slow poisoning.

Mr. Nowlan: It is very slow; it is as slow as death, Mr. Chairman. I think there should be a cut-off if there is this danger of exposure to lead poisoning.

Mr. Harris: I can assure you the Minister of Finance agrees with you.

Mr. Nowlan: They should remove the poisonous materials altogether. It is a terrible thing that people should be subjected to it for 15 years while this government pays out a large sum of money each year. I do not know what the lifetime of a bucket is, but last year we purchased about 17 million buckets, which is no small amount. I do not know how they would look in this chamber, but I do not imagine we could pile them all in here. I wish the minister could say that the danger of lead poisoning has now ended and that this will be the last payment. If it is not, he had better bring in another supplementary estimate this afternoon and increase the amount so we can get rid of the poisonous buckets once and for all. I am sure the minister of health and welfare, if he knew about it, would be interested in the situation, because people should not be exposed to such terrible poisoning.

Mr. McCullough (Moose Mountain): Mr. Chairman, in all seriousness I wish to ask the minister a question. I understand that some maple sugar producers are using plastic bags instead of pails and containers provided by the department. Has any consideration been given to looking into that matter? I notice this item has decreased since last year, and I wonder if the department is considering supplying the maple sugar producers with plastic bags, which would be an economic measure?

Mr. Harris: No, Mr. Chairman. As I have said this is probably, and I certainly hope it will be, the last item with respect to buckets.

Item agreed to.

557. Prairie Farm Assistance Act administration —further amount required, $416,674.

Mr. McCullough (Moose Mountain): Mr. Chairman, I am quite interested in this item; and while I do not wish to cast any reflections on the minister, who has been very considerate in answering questions this afternoon, I do think perhaps it would be much better if we had the Minister of Agriculture with us on this item. I am quite interested in this matter, coming as I do from Saskatchewan where we have had a disastrous crop failure this year. On coming to my desk this morning I found that on Tuesday, March 8, an order in council was passed concerning a regulation with respect to the Prairie Farm Assistance Act. This item is an increase in expenditure on this account. I should like to ask the minister for a clarification of this order in council. It is a section added to the regulations which in effect, I believe, excludes certain farmers from being eligible for P.F.A.A. payments.

In former debates I have indicated to the government that there has been a considerable amount of complaint coming from my constituency with regard to P.F.A.A. payments. While the Minister of Agriculture the other day in the house gave me the assurance that farmers who are not satisfied may appeal for a recheck to the P.F.A.A. office in Regina, nevertheless I still have coming to my office complaints from various farmers who have not as yet been eligible for payment. I should like to have, if possible, a clarification of this order in council which, it would seem to me, makes it possible that again there will be the possibility of exclusion of farmers who, in view of the large-scale crop failure, I think should be eligible for payment. I hope the department will see fit to be just as lenient as possible this year with regard to payment of P.F.A.A. payments to farmers in Saskatchewan.

I want to point out that in some parts of my own constituency in particular we have had not only last year's crop failure but two or three years of extremely poor crops where we have had flooding. Consequently some farmers today are finding themselves in bad financial positions. I therefore hope that the minister can give me some clarification, if he has this order in council with respect to change in the regulations whereby a farmer now apparently is not eligible who has sown

[Mr. McCullough (Moose Mountain).]

in 1954 10 acres of rust-resistant wheat and has had a yield of 10 bushels or more per acre.

In this regard I should just like to refer the minister to the remarks made by the Minister of Agriculture when we were discussing this matter some weeks ago. At that time he stated that farmers who had planted over 10 bushels of rust-resistant wheat—and of course he was speaking of the Selkirk variety—would not need assistance. I should like to point out that if a farmer, by applying to the government agency for Selkirk seed, had planted in the neighbourhood of 10 acres of wheat, he might very well have received 20 bushels or 30 bushels of seed to the acre, which would give him no more than he would perhaps need for his seeding operations this year. Yet that yield would disqualify him from a payment.

I should also like to point out that it would seem to me that, as the regulations are now, while the farmer would be disqualified, he would apparently still be considered to be in the category or in other words in the six contiguous sections which under the act could be taken out as ineligible for payment. The regulation is therefore confusing to me. I hope we can have clarification of it. I simply want to point out that we have some extremely serious financial conditions existing in my constituency. Letters are coming to my office day by day. I hope that the minister will have the Minister of Agriculture look into this matter and be as lenient as possible in respect of these payments.

Mr. Diefenbaker: Mr. Chairman, I should like to say a word as well with regard to this item. I should like to ask the minister how many employees there are in P.F.A.A., I should like to know how many there were in 1953-54 and how many during the present year 1954-55, which increase has resulted in the material increase in connection with the administration costs.

I should also like to bring to the attention of the Minister of Agriculture, through the Minister of Finance, the number of complaints that are being received—and I think this is generally so among members coming from the western provinces—respecting the administration of the act this year. For some reason there seems to be an unusual strictness and an unusual emphasis—to a degree that has not existed in recent years—on the letter of the law rather than on the spirit. That is particularly so in northern Saskatchewan. Each day letters are received asking how the distribution is proceeding.

The other day the Minister of Agriculture told me that the total expenditure this year

would be some $20 million, of which some $15 million has already been expended, and that the payments are going forward at the rate of $1 million a week, as I recall the statement that he made. There certainly is no lack of officials in P.F.A.A., because that is one body that seems to be unusually "officialized", if one could use that expression, in employees engaged in the work of this administration.

I do not want to go beyond the bounds within the estimates as pointed out by the Minister of National Revenue; nonetheless this item does give an opportunity to refer to administration not in general but with a view to having removed certain causes of complaint. I want to point out this to the minister. This afternoon, almost in a matter of minutes the interim supply was passed in order to assist. That action showed a spirit of co-operation. I think it demands a similar spirit when these supplementary estimates are being considered.

Relying on that consideration I point out that within the last two or three days I have received letters from the various parts of Saskatchewan, and in particular from the northern part, respecting the administration of this act. The hon. gentleman who has just taken his seat referred to the difficult conditions existing in the western provinces this year, particularly in Saskatchewan. Everywhere there has been a demand that consideration be given by the government this year to a material increase in the amount of the prairie farm assistance payment per acre in view of the fact that the amount now provided for was established in 1939 and that while it was very helpful at that time on the basis of the purchasing power of money then, today the payments provided for are totally inadequate to maintain and to keep the farmer on the farm.

That is the purpose of this legislation, to keep the small farmer on the farm, and I suggest that even now the government give consideration to redrafting the act in order to remove a number of anomalies. The area for qualification should be reduced, a request that has already been made by the Liberal party in convention assembled in the province of Saskatchewan, re-emphasizing what we on this side of the house have brought to the attention of the government on a number of occasions. There are various points that should be considered: First, the question of increasing the amount of the payment; second, reducing the period for qualification; and, third, accelerating the distribution of the payments. There are certain areas in which the payments have been held back for some reason to a degree that has not applied elsewhere, and while I compliment the administration on the degree to which it has in fact disbursed so large a sum of money in such a short period of time there are nevertheless areas in which there should be early and immediate action.

Mr. Argue: I want to add my voice to that of other members in support of the general provisions of this act. I think it is quite understandable that a fairly large additional sum of money is needed this year to provide for administrative costs. The year which will end on March 31, 1955, is one in which western Canada has experienced a very serious and widespread crop failure. With the widespread crop failure and the large prairie farm assistance payments that must be made, it follows consequently that in order to administer the making of the payments and to assess what farmers are eligible for payments there must be a substantial sum voted for administration.

I have no complaint about supporting substantial sums of money for the administration of this act in years of crop failure. Sometimes I do have a question mark in my mind as to the size of the administrative costs and some of the travelling and other expenses in years when there is no crop failure and when one would expect the administrative costs to be very low. I support those who have pointed out the benefits of the act and who have said that payments should be doubled. That has been put forward by other members of this group and members in other parts of the house during this session.

The hon. member for Moose Mountain pointed out that a new order in council has been passed which will very materially affect the administration of the act. I am not too clear in my own mind just what the effect of the order in council will be. It provides that those portions of land cultivated by any one farmer which were sown to rust-resistant wheat in the year 1954, if the total area so sown comprises 10 or more acres and the average yield thereon is more than 10 bushels per acre, will be excluded from the act. As I understand the provision, it means that if a farmer sows more than 10 acres of land to rust-resistant wheat and consequently has a fairly good crop on that acreage of land the yield of that crop will be excluded from the computation of average yield on which payments are made.

If my interpretation of the order in council is correct, then it certainly is a step in the right direction. The department should, however, bear in mind that a number of

farmers have sown 6 or 7 acres to Selkirk wheat, that the yield can be 20, 30 or 40 bushels an acre, and that if a third of the farmers in a given township have seeded even that small quantity of Selkirk wheat the chances are that including the yield on the Selkirk wheat in the general average would deprive the majority of farmers who have a total crop failure of any payments at all. If, as I say, my interpretation of the order in council is correct, it is a move in the right direction. However, if experience shows that even with this provision hardship is worked on farmers who were not fortunate enough to have any rust-resistant wheat, I would ask the government to take that into consideration and remove rust-resistant wheat entirely from the yield computations so that the vast majority of farmers with no Selkirk wheat will be able to get payments based on their actual yields of wheat not complicated by yields from rust-resistant varieties.

Mr. Harkness: The hon. member for Prince Albert asked the minister how many people were involved, and I think he might answer that.

Mr. Bryce: I do not want to repeat what hon. members in this group have already said. I endorse what they have said. My problem concerns the interlake country that I represent, which has been badly hit with floods, with the result that in 1953 there was practically no crop, and in 1954 no crop at all. People there are in bad shape. In many of these districts no inspection has taken place yet. I have discussed the problem with the minister and he tells me that area comes under the P.F.A.A. But I am getting letters every day from these people saying that the inspector has not been there and that they have been told they do not come within the area.

I suggest to the minister that it would be helpful if a small map of the interlake country could be prepared. The Minister of Agriculture came over here and told me that practically the whole of my constituency was under P.F.A.A. If a map could be prepared on which shaded portions could be drawn to indicate the area that is not covered it would clear the air and help me tremendously in getting some recompense for the people of my district for the tremendous loss they have had.

I do not need to say any more. The hon. member for Moose Mountain and the hon. member for Assiniboia have pretty well said all that needs to be said. If the Minister of Finance will be good enough to try to get the Minister of Agriculture to have a map prepared for me I will appreciate it.

[Mr. Argue.]

Mr. Harris: I will see if I cannot get a map drawn through the kindness of someone in the office of the Minister of Agriculture, and I will draw his attention to all that has been said here. In answer to the hon. member for Prince Albert, I have looked at the estimates of the current year and of next year and I find that full-time members on the staff of P.F.A.A. number 46 for the coming year and 40 for the past year. But I notice that the allowance made for casual employment is just about double. It has increased from $85,000 to $155,000. I take it that is casual employment for various persons carrying out part-time duties, although it does not give the numbers of those who would be doing that work. The large proportion of this item is of course for additional administrative costs brought about by the unusual situation that developed in the west last year, and I am quite satisfied that the government hopes to have the extra work done at the earliest possible moment. There is no doubt that conditions developed such as had not been expected or, indeed, had ever been experienced, in some parts of the west in the fall of last year. I would think that in the future wise estimating would still keep the estimates down somewhat from what they will be with this addition. At the same time, I would hope that we could find the money quickly to provide additional labour and additional administrative costs should we enter again into a period such as we had last year. Of course, none of us hope it will be necessary to spend this type of money again in the west.

What the hon. member for Moose Mountain, the hon. member for Assiniboia and the hon. member for Prince Albert have said about the improvement, from their standpoint, that could be made in the act and in the administration of it, I am sure will receive the careful consideration of the Minister of Agriculture.

Mr. Diefenbaker: I might mention, Mr. Chairman, that I received today a letter which indicates the interest that the farmers take in the continuance of the system, and their desire to avoid taking advantage of the public treasury. The suggestion was made that in order to extend the operation of the act there could be no serious objection to increasing the deductions that are made. These deductions are restricted to 1 per cent, and it was thought they could be increased to 2 per cent. This suggestion had been made by a number of farm organizations, their desire being to build ultimately a system whereby they will make their contribution to an insurance fund. To that end the farmers are prepared to ask for an increase

in the amount of the deduction that is made, and this is an indication of the value that they place on this type of legislation.

Mr. Harkness: I was rather hoping that in his reply to the hon. member for Prince Albert the minister would have given the number of employees in 1953-54 and the number in 1954-55. He gave the number of employees on the permanent staff, but looking at last year's estimates one sees that there were 40 of those with total salaries of $139,000, and then there were casuals with a total salary of $85,000. The number of casual employees is not given. I take it that this sum we are voting today, which is more than double the amount for the permanent staff and the casuals, of $225,000, is practically all for the casual employees necessary as a result of the disastrous conditions last year. I quite appreciate that such conditions would necessitate the hiring of a considerably increased staff.

However, in addition to that I notice that the travelling expenses were $104,000, which we voted for this current year, and the extra travelling expenses are $190,000, which will make a total of $294,000. In other words, the increase in travelling expenses seems excessive. I wonder if the minister could give us the number of employees, particularly those casual employees, how many extra ones had to be secured because of the crop failure, and why the travelling expenses should go up such a large amount?

There is another point here. The minister said that budgeting for this should be kept down, and I agree with that. It should, I believe, however always be possible to have funds available in the event of crop failure to make these payments. Now, that is what has been done this year, I take it. This amount of $416,000 which we are voting has already been spent. In other words, it is purely a dead horse for which we are paying at the moment. The only portion of that which would not have been spent is what might happen to be owing in the past month for wages, I presume, and a small amount that might be owing for transportation. Most of this sum has already been spent. I just wondered from what particular votes it was taken, and under what authority, to cover these expenditures which I agree have to be made.

Mr. Harris: Well, Mr. Chairman, we have two votes that provide for money under these circumstances, miscellaneous and unforeseen and a general salaries vote. We have transferred moneys from these two votes to the extent of $186,000 in one case and $226,000 in the other. As my hon. friend has said, this is largely as a result of the additional staff and their cost of administration. I would suppose that the extraordinary increase in travelling allowances was necessitated by the fact the employees had to go around the west to a much greater degree than they had in the past. I think I could make the answer to my hon. friend without offence, by suggesting that this is one job that has to be done in a motor car and not in an office.

Under those circumstances I feel that the travelling expenses are justified. Indeed, I would think my hon. friend would suggest we increase them if necessary to get the work done and get the payments made to the farmers.

Mr. Harkness: You have not the numbers of them?

Mr. Argue: A member of the opposition cannot be asking, on the one hand, that the government accelerate the making of these payments under the Prairie Farm Assistance Act, and on the other hand complain about the extra administrative costs necessitated by the acceleration of the payments. If we are going to ask that the government do everything possible to get these payments into the hands of the farmers as quickly as possible, then that is bound to mean an increase in the administrative costs.

Mr. Lennard: You can check on the accounts, though.

Mr. Argue: Fine, that is very good. A question was asked as to the number of persons employed. I received an answer to a question I asked concerning the number of persons employed under the Prairie Farm Assistance Act for Saskatchewan for 1954, as well as the number employed under the Prairie Farm Rehabilitation Act. I have not added the figures up, but the answer looks as voluminous as the answer I received a couple of years ago which showed that there were 2,000 persons listed as having received moneys under the Prairie Farm Assistance Act in the way of wages and sustenance, as well as under the Prairie Farm Rehabilitation Act.

I have, however, made a quick calculation of the number of persons employed under the Prairie Farm Assistance Act in Saskatchewan in 1954, and it appears to me as though there were some 550 persons employed. The minister, if I heard him correctly, said that there were around 46 persons employed on a permanent basis under this act. Could the minister tell me briefly what these 40 or 50 people who are employed on a permanent basis under the Prairie Farm Assistance Act do in a year in which there

is little or no crop failure? The intriguing part to me is that some of the people employed on a permanent basis have very high travelling expenses, totalling $2,000 or $3,000, in a year in which the area in which they were travelling had little or no crop failure. I quite understand that there must be a very large sum of money spent on travelling expenses in going from farm to farm to assess the yields of grain in a year of crop failure. These huge travelling expenses that are shown for some of the persons on a permanent basis in years in which there was no crop failure are something that, I think, might be explained.

Mr. Diefenbaker: The search becomes more difficult then.

Mr. Harris: I am not the one to inform the hon. member for Assiniboia on the fine details of the Prairie Farm Assistance Act. If he will look in the estimates book which he has before him, he will see the duties of the 40-odd persons on a permanent basis in this particular administration are set out. I will leave it to him to discuss that at a later time with someone else.

Item agreed to.

558. Estimated amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1954-55, including authority to credit to the account the net revenue received into the agricultural products board account from the sale of New Zealand meat received in exchange for beef shipped to the United Kingdom, $3,210,928.

Mr. Quelch: Can the minister say what was the net loss to the government under the New Zealand-United Kingdom meat agreement?

Mr. Harris: In 1952, on beef exported to the United Kingdom, $1,386.26. I recall that was the manner in which we dealt with it. I beg your pardon; we spent $3,210,928.

Mr. Harkness: Can the minister tell us what products this loss covered, and how much was spent on behalf of each of those products?

Mr. Harris: I am glad my hon. friend asked me, because I read the amount of the item and not the details. The main programs completed in 1954-55, the net losses of which are included in the amount set out above, were: 1953, butter, $1,500,000; and the 1954 Nova Scotia apples, $625,000. Then we have included a portion of the expected loss for this year on eggs, amounting to about $150,000. This also includes a number of other items of earlier programs that have been put in here in order to dispose of them: 1952, canned pork, $940,000. The item I mentioned a moment ago, beef exported to the United Kingdom, over $1,000; and the 1952 butter, $6,541. The total of all of these last items amounts to $3,222,928, from which has been deducted receipts from the sale of New Zealand beef to the United States to the amount of $12,000, leaving a total net loss in the amount of over $3 million.

Mr. Harkness: This carries us back to what the minister said a little while ago in regard to the loss on butter, which he then said was not really a loss because they had received $1 million and some odd in customs duty on it, and therefore the government really was not out of pocket; at least that was the impression he left. That loss was sustained because we imported 12 million pounds of butter from abroad in 1951. At the end of 1952 we had a loss of $6,000 because we had a surplus of butter that had to be looked after. In 1953 the loss was $1,500,000 because we had a surplus.

It presents a ridiculous picture, and it indicates the difficulties we run into when the government gets into the butter business without having, so far as I can make out, any reasonable policy to follow as it carries on these various transactions. Therefore we are passing a vote in these supplementary estimates today for $400,000 some odd to cover the loss because we imported butter in 1951. We are now voting over $1,500,000 to cover the loss on butter in 1953, because we had a surplus.

Item agreed to.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

559. Departmental administration—further amount required, $4,500.

Mr. Diefenbaker: I should like to ask the minister a question of broad interest to the various Indian tribes, particularly in Saskatchewan but generally across the country.

The Chairman: Order. Indian affairs come under item 561.

Mr. Diefenbaker: This is the administration item for the whole department, Mr. Chairman. It is the only chance I shall have to ask this question. Item 561 deals with the Indian affairs branch, but it provides for things other than administration.

The various Indian bands have been very much concerned over commissioners who have been sitting under the provisions of the Indian Act, set up for the purpose of determining the qualifications for membership in the bands. I am not going into the particulars with regard to their numbers and so forth, set out in the answer given by the

minister to a question of mine on February 14 last, which appears on page 118 of *Hansard*.

What has happened is this. Commissioners have investigated. Evidence has been taken that consisted of hearsay, gossip and tittle-tattle. From that evidence—and I use the word "evidence" in the sense of testimony—decisions are to be made on the qualifications for membership in the several bands, and also to determine whether or not an individual is an Indian. This is a matter that does not concern members of the House of Commons from the point of view of having any interest in the votes of these people. They are the wards of Canada, and their happiness rests upon the department and the members of this house.

Since the minister has been in charge of this department he has taken a lively interest in it and in raising the standards of those whom he serves as custodian of their rights and privileges, and also as their protector. They have no members in the house to speak for them. There are 160,000 of these first citizens of Canada, and I have often thought that one of the finest gestures this government could make would be to appoint a full-blooded Indian to the Senate of Canada in order that the views of the Indians might be expressed and Indians in general would have an opportunity of having a spokesman in the parliament of this country. They have not that now.

The Chairman: Order. I am in some difficulty at the present moment. As hon. members can see from the details this item deals merely with travelling expenses, telephones and telegrams under the heading "departmental administration". I fully realize that in recent years the custom has grown up that on the first item of a department in the main estimates a general debate is allowed. I do not think we have ever extended that privilege so far as to allow a general debate on an item of this kind in the supplementary estimates. I understood the hon. member was merely going to ask the minister a question, and I allowed it. I am wondering whether I should allow the debate to get out of order.

Mr. Diefenbaker: I was just explaining the seriousness of the responsibility that rests on hon. members because of the fact that Indians are wards. Under the heading of "administration" these commissions have been sitting and they have caused a degree of ill feeling. I doubt whether the minister and his department have any realization of the feeling of frustration that exists among the Indians, when each feels that he is indeed the enemy of his brother if he challenges the right of that brother to be a member of that band. At this time I should like the minister to place before the committee information with respect to what has been done by these commissions, and also to give a word of hope to the people in those bands. Only in extreme cases when there is evidence to support the gossip and tittle-tattle should the registrar act and deny his rights to the individual whose fathers and forefathers have resided on the reserve. Yet today we find these rights being challenged, and this has caused a tremendous amount of ill feeling.

In the 50 years I have lived in the west on a number of occasions I have resided close to Indian reservations. I have never known the Indians to be aroused as they are now because each is in the position of having his ancestry looked into and testimony such as this may be given: "I remember my grandmother told my mother once and my mother told me that A is not altogether of Indian blood." The result is that you have proceedings under way which are causing confusion and dissension and unhappiness.

I should like the minister to say a word of reassurance to the Indians in this country whose ancestors have lived on these reserves ever since they were in existence. They should be told that only evidence will be accepted to bastardize those who are living there and deny them the rights which their ancestors had.

Mr. Pickersgill: Mr. Chairman, if I may have the indulgence of the committee I should like to express appreciation to the member for giving me notice of his intention to ask this question because of a particular reason he had at this particular time. I should like also to express my appreciation of the altogether unwarranted compliment he paid me because of the interest I have been showing in Indians. As a matter of fact it is the hon. gentleman now leading the house, who is asking to have these estimates voted, who is deserving of praise in that regard. I think the Minister of Finance, when he was minister of this department, did more to help the Indians than any minister has done since confederation. If I can do half as well I shall be very happy.

My predecessor faced two most difficult problems. One of them was the problem of Indian estates. I think it must be stated quite frankly that these are not in a very satisfactory condition. Part of the reason they are in anything but a satisfactory state is that over the years disputes and differences have arisen as to who were really members of these Indians bands.

When the act was consolidated and reenacted a year or two ago I was not a member of the house. Provision was then placed

in the act for bringing these band lists up to date and certain procedures were laid down. I happen to know this because my predecessor discussed it with me when I was secretary to the cabinet. It was only after a good deal of reflection and with considerable misgiving that he established these commissions. There seemed to be no other way to get even the kind of evidence the hon. member for Prince Albert has described, and I have no doubt some of it is just the kind he has described, that would enable the registrar to get some kind of recommendation on which he would have a basis for action.

I may say that none of these commissions settles the question. I should like to make it clear that all the commission does is hear the various conflicting bits of testimony and report to the registrar. The registrar then makes a determination as to whether a person's name should be on the band list. The decision of the registrar is not final in a matter of this kind which, as the hon. member for Prince Albert has said, involves the rights of the Indian.

I do not regard these Indians as wards. Indians are citizens of this country, in fact they are the first citizens of this country, and as such their rights are fully protected. They have the right of appeal to the courts against the decision of the registrar. Not only that, the department assists them in every way possible if they want to make an appeal.

If hon. members will look at the proceedings of the special committee on estimates they will see that on March 17 I answered a number of questions dealing with this subject. Most of the information I could give now I gave to the committee at that time, and I shall not repeat it.

Although most of the reports of these commissions are in, up to now none has been subjected to a final determination. It was felt in the department that we should get them all in and that all the information should be assessed together so we would have a criterion to apply right across the country. They will be determined as rapidly as possible.

I did indicate in the committee, and I say it here in order to make my answer as complete as possible, that it may be necessary to ask parliament at the next session to clarify the law before these disputes can all be determined satisfactorily. I am giving consideration to that question, and I would like the opinion of any hon. member of the house on it, particularly those who are members of the legal profession and who have taken a particular interest in it, as has the hon. member for Prince Albert.

[Mr. Pickersgill.]

Mr. Harkness: When the right of a person to be a member of the band has been challenged and it is found that the objection is not based on good grounds, that it is frivolous or spiteful, is that person given a clearance at that time or does he have to wait, possibly for years, under the threat of having his family and himself thrust off the reserve?

Mr. Pickersgill: This rather difficult period has to be gone through. We do want to get these existing disputes determined once and for all as quickly as possible. We want to lay down some kind of simple and expeditious procedure, so that when disputes arise in future they can be settled quickly and not left as sores to fester and cause dissension in the band.

Mr. Harkness: I appreciate that, but the minister has not answered my question. I know of one or two cases where the commissioner expressed himself at the time as believing the complaint was frivolous or spiteful. In a case of that kind has he the authority to throw out the complaint so the mind of the man who is complained against may be set at rest?

Mr. Pickersgill: I did not understand the hon. member's question. If he is speaking of a case which has come before one of these commissions, then the registrar would be the one to determine the matter. The hon. member asks if it would be thrown out if the commissioner felt it was frivolous. That cannot be done until the registrar considers it. As I have suggested, none of these reports has received final consideration.

Mr. Harkness: The situation is that there may be no justification for a complaint against a man but he may be placed in the position that he will not know whether he will be thrown off the reserve. In other words uncertainty will be created in his mind, and it seems to me that should not be allowed to go on. I believe these commissions have been sitting for two years or more.

Mr. Harris: The first was appointed in July, 1953.

Mr. Harkness: It is nearly two years. One of the things on which we pride ourselves in this country is our expeditious administration of justice. It seems to me this is a great breach of the way in which we attempt to administer the laws of the country. In these cases an individual may have to find a new home for his family and himself, and to me that is more important than sending a man to jail for six months.

Mr. Pickersgill: We intend to deal with this just as expeditiously as is humanly possible.

Mr. Diefenbaker: The minister was kind enough to refer me to the proceedings before the committee, and I wish to make one reference to it. The evidence indicates the degree to which the examination has been conducted. In British Columbia there were 44 cases submitted to commissioners; in Alberta, 44; in Saskatchewan, 240; in Manitoba, 21; in Ontario, 52; in Quebec, 25, and there have been no commissions in New Brunswick, the Yukon or the Northwest Territories.

I think the hon. member for Calgary North has raised an important matter; there is uncertainty.

Mr. Pickersgill: Oh, quite.

Mr. Diefenbaker: I referred to those citizens as wards. In common with other members of this house, including the Prime Minister and the Minister of Agriculture, I have been honoured by being made a chief in an Indian tribe. When one has had this experience one naturally feels an unusual interest in the welfare of the Indian people as the result of having been honoured in that way.

There is an uncertainty. When I called them wards I did so because that is the word they use to describe themselves, fearful that if they call themselves citizens they will lose their treaty rights. Therefore when they speak of themselves they invariably use the word "wards" in consequence of treaty relationships between Queen Victoria and preceding monarchs and themselves.

I join with the hon. member for Calgary North; and I am certain that the minister, with his realization of the difficulties confronting the Indians, will do everything he can to bring about early decisions so that uncertainty and suspense will not increase the degree of dissension within the bands. I know of cases today where Indians are bitterly antagonistic toward their closest relatives because of the evidence that has been given. Naturally it is to the interest of each of them to challenge the rights of the others and thereby reduce the numbers entitled to the band funds.

When there is an incentive such as that which brings a benefit to the person giving the evidence it always operates as a detriment to the credibility of the individual who will benefit in consequence of the evidence he gives. You cannot challenge the evidence when someone says, "My grandmother tells me that his grandmother was involved with some person." It is unchallengeable. There is nothing on which you can cross-examine. Generally those who are alleged to have made these statements are long since deceased; but the effect of statements like that cannot be conducive to equanimity among the bands nor to friendliness and co-operation.

I thank the minister for his assurance that the matter is receiving the serious consideration of the department.

Mr. McCullough (Moose Mountain): Mr. Chairman, I am very happy that the Minister of Citizenship and Immigration refers to the Indians as the first citizens of this country. I think that is indicative of a splendid approach to the problems of the Indians in this country. I do not for an instant pose as an authority concerning Indian affairs in Canada, but for the last 20 years I have lived within a short distance of an Indian reserve, namely the White Bear reserve. Therefore I am quite familiar with the customs of some of the Indians in Canada.

Mr. Pickersgill: I wonder if the hon. member would permit me to interject at this point. The leader of the house announced last night that my estimates would be taken up later today, after the supplementary estimates were completed. I wonder if it would be more appropriate to have a general discussion on Indian affairs when we are considering my estimates rather than at this time, when we are discussing departmental administration and the supplementary vote for telephones.

Mr. McCullough (Moose Mountain): In view of what the minister has said I am entirely willing to make my remarks brief. I just want to say that neither the former minister nor the present minister should take too much credit. It is perhaps quite true that what is proposed will be satisfactory and a credit to the Canadian people, but I wish to say that as far as I am concerned I do hope greater attention and justice will be given to the first citizens of this country. I do not think anyone in this house can be too complacent to date about our attitude or our policies in relation to our Indians. That is my observation, at least.

I might also say that I just returned from the west, and I do not think the Indians on my own reservation of White Bear are receiving quite the consideration that should be given them. I got in touch with the minister's department, and Colonel Jones there has been very receptive toward my ideas. I am quite agreeable to have the matter stand at this time, but I wish to point out that I think we should make a new approach to this problem so that with the increased Indian population, which will pose a serious problem concerning their integration and their acceptance into the various segments of our society, we can assure these people that we recognize

them as citizens of Canada. Knowing the Indians as I do I am convinced they have the character and attributes which will permit them to become assimilated in our society. They will become citizens of whom we shall be proud, and I hope they can be proud of what we do to help them.

Mr. Montgomery: I have one question on this item. I notice the amount is $4,500, which is divided into $2,000 for additional travelling expenses and $2,500 for additional telephone and telegraph costs. I also note that in the estimates for last year this item was increased by a substantial amount which means that $4,000 more is required this year for telephone and telegraph items than was the case last year, and an additional $2,500 is required for travelling expenses. I also note there has been a small increase in the number of people on the departmental administrative staff. I would like to know if this small increase is because of the extra travelling expenses and the cost of telegrams and telephones. Perhaps the minister could offer us an explanation.

Mr. Pickersgill: As a matter of fact, as far as travelling expenses are concerned there is an unanticipated increase in the amount of travelling done by the people in the administrative branch because there has been the gradual establishment of an inspection service.

As for the telegraph and telephone service, the former minister was a minister for this province where the parliament buildings are, and I am minister for a province which is fairly remote. The cost of telephone and telegraph service is therefore considerably higher. In my capacity as the minister for Newfoundland I think I am somewhat more extravagant in the use of the telephone and telegraph services than was the previous minister, and I think a certain amount of the blame for the increase in this service falls on me because I represent a geographically remote province.

Item agreed to.

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

PRIVATE BILLS

LONDON AND PORT STANLEY RAILWAY COMPANY

Mr. J. A. Charlton (for Mr. Mitchell, London) moved that the house go into committee to consider Bill No. 193, respecting the London and Port Stanley Railway Company and the corporation of the city of London.

[Mr. McCullough (Moose Mountain).]

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

Clauses 1 to 6 inclusive agreed to.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BONAVENTURE AND GASPE TELEPHONE COMPANY LIMITED

Mr. Bona Arsenault (Bonaventure) moved that the house go into committee to consider Bill No. 232, respecting the Bonaventure and Gaspe Telephone Company Limited.

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

Clause 1 agreed to.

On clause 2—*Power to increase capital.*

Mr. Green: Mr. Chairman, two amendments were made to clause 2. I wonder whether they have been included in the bill as it is now before us?

The Chairman: In this copy I notice that the amendments adopted are printed. Perhaps I might read the amendments to hon. members. After the word "of" in the 21st line the following words are added, "not less than two-thirds of the issued shares"; and the words "a majority of the shareholders" are struck out. Is that the amendment to which the hon. member refers?

Mr. Green: Yes.

The Chairman: Shall clause 2 as amended carry?

Clause as amended agreed to.

Clause 3, 4 and 5 agreed to.

On clause 6—*Borrowing powers.*

Mr. Green: There was an amendment to clause 6 also, I believe.

The Chairman: In clause 6, after the word "the" in the 38th line the word "issued" has been inserted and the word "subscribed" has been deleted. Shall clause 6 as amended carry?

Clause as amended agreed to.

Clause 7 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Mr. Deputy Speaker: There are a number of divorce bills on the order paper for second reading, being items 37 to 50 inclusive. Is it agreed that these bills be considered in the one motion?

Some hon. Members: Agreed.

SECOND READINGS—SENATE BILLS

Bill No. 264, for the relief of Lorraine Bella Spegel Weisberg.—Mr. Hunter.

Bill No. 265, for the relief of Frances Kellerman Rappoport.—Mr. Hunter.

Bill No. 266, for the relief of Eleanor Grace Jones Graham.—Mr. Hunter.

Bill No. 267, for the relief of Gabrielle Dallaire Boulet.—Mr. Hunter.

Bill No. 268, for the relief of Phyllis Elizabeth Warner Collins.—Mr. Hunter.

Bill No. 269, for the relief of Margaret Gwendoline Turner Williams.—Mr. Hunter.

Bill No. 270, for the relief of Mary Ferguson Wynter.—Mr. Hunter.

Bill No. 271, for the relief of Sheila Winnifred Richardson Hiscock.—Mr. Hunter.

Bill No. 272, for the relief of Anne Roitman Aronovitch.—Mr. Hunter.

Bill No. 273, for the relief of Kathleen Gertrude King Laffin.—Mr. Hunter.

Bill No. 274, for the relief of Gardner Hinckley Prescott.—Mr. Hunter.

Bill No. 275, for the relief of Ethel Cope Veary.—Mr. Hunter.

Bill No. 276, for the relief of Gordon Stewart Norris.—Mr. Hunter.

Bill No. 277, for the relief of Lucille Grenier Desjardins.—Mr. Hunter.

VICTORIA INSURANCE COMPANY OF CANADA

Mr. J. H. Dickey (for Mr. Hunter) moved the second reading of Bill No. 280, to incorporate Victoria Insurance Company of Canada.

Mr. Macdonnell: Is the sponsor going to make any comment?

Mr. Dickey: This is the usual form of bill for the incorporation of a company to carry on business in the branches of insurance enumerated in clause 6, on the performance by the company of the usual financing arrangements which are set out in the bill.

The bill is in the usual form. It is approved by the superintendent of insurance. It has been considered in the other place. If second reading is granted it is proposed to move in the normal manner that the bill be referred to the standing committee on banking and commerce.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CRIMINAL CODE

AMENDMENT WITH RESPECT TO WATER POLLUTION

On the order:

Resuming debate on the motion of Mr. Diefenbaker for the second reading of Bill No. 186, an act to amend the Criminal Code (nuisance).

Mr. Campbell: Mr. Speaker, the Minister of Justice (Mr. Garson) was speaking on this bill when the house adjourned last Friday.

Mr. Harris: Stand.

Order stands.

Mr. Deputy Speaker: The items under private and public bills having been exhausted, the house will resume discussion of the business which was interrupted at five o'clock.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

The Chairman: When the committee rose at five o'clock we had concurred in resolution 559 and were considering item 560.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

560. Citizenship registration branch — further amount required, $4,000.

Mr. Macdonnell: I was very interested in the explanation given by the Minister of Citizenship and Immigration regarding the telephone bill, but I was not sure that I fully understood it. I wonder whether he would try to make it clear to me. It had to do with the distance between here and Newfoundland and various considerations of that kind.

The Chairman: Order. We had carried resolution 559. Has the hon. member unanimous consent to revert to the former item?

Mr. Pickersgill: We can do it later on my regular estimates.

The Chairman: Shall item 560 carry?

Item agreed to.

Indian affairs branch—

561. To provide that the amount of advances outstanding at any one time with respect to loans to Indians under section 69 of the Indian Act, notwithstanding subsection (5) thereof, may total but not exceed $650,000, $1.

Mr. Knowles: Would the minister give us an explanation of item 561. It is for only $1, but we have to look at it rather closely.

Mr. Pickersgill: Mr. Chairman, the last thing I want to do is get into an ideological quarrel with the hon. member for Winnipeg North Centre. I have never, however—and I say this as a prelude to what I am going to say—agreed with his view that legislation

through supply bills and appropriation acts is not just as good legislation as any other kind. In fact it was the original kind of legislation for which parliament was established in the middle ages. But I know he regards it as rather medieval.

Mr. Knowles: The Auditor General thinks that, too.

Mr. Pickersgill: Well, the Auditor General has expressed his view. We all have our views on the constitution, and in a free country we are all entitled to our views.

Mr. Macdonnell: I think so too.

Mr. Pickersgill: I think it is probable, though, that at the next session of parliament it will be necessary to suggest some amendments to the Indian Act. If that is done I would certainly feel it would be proper to incorporate this provision in it. The sole purpose is to increase the allowable amount in this revolving fund from $350,000 to $650,000.

Mr. Knowles: Because of what the minister has said, I have no serious objection to this being done in this way. We have both made reference to the Auditor General. I do not have his memorandum before me, but if I recall correctly he does not object to legislation being effected by an item in the estimates when it is of a temporary character. The minister suggests that that is what we have here, a temporary provision until the Indian Act is amended. On that basis I have no objection to it being done in this way. Likewise I have no objection to the content of the proposal itself.

Item agreed to.

Welfare of Indians—

562. Operation and maintenance—further amount required, $600,000.

Mr. Dinsdale: We have here an item of $600,000, a fairly sizeable sum, and the description is rather vague. There is $450,000 for materials and supplies. Would the minister explain what is covered by this money?

Mr. Pickersgill: The amount of $450,000 covers food, clothing and fuel for crippled, blind and indigent Indians. Then there is another $150,000, making up the $600,000, required for payment of accounts arising from the cost of food for tuberculosis patients awaiting admission to hospital or convalescing after discharge with their families, or for their families during hospitalization and post-hospitalization periods, as may be necessary. The hon. member for Brandon-Souris will remember that the main item was explained in some detail in the committee upstairs.

Item agreed to.

Education—

563. Administration, operation and maintenance—further amount required, $155,000.

Mr. Harkness: I notice there is an item of $100,000 for tuition and maintenance of Indian children in non-Indian and joint schools. I presume that is to cover the cost of sending Indian children to high schools and things of that sort, and it would appear that more Indian children are attending such schools than was estimated. If that is the case I am extremely glad to see it, and I would have been even more delighted if the vote had been twice as much, provided that is the purpose of the vote. Will the minister tell us what the vote covers and, if my presumption is correct, how many Indian children are attending high schools this year?

Mr. Pickersgill: Perhaps the hon. member would not mind referring to volume No. 14 of the proceedings of the special committee on estimates where detailed information is given as to the number of children attending high schools and so on. I do not have the information at my fingertips. The main estimates provided $7,401,323 for Indian education generally and this particular item of $100,000 is, as the hon. member for Calgary North has said, an additional amount to pay tuition fees for children going to non-Indian schools. That includes high schools and technical schools and it also includes the considerable number of places—they are growing in number every year, and they cannot grow too fast to suit me—where we make arrangements with the local school authorities to send Indian children to the general schools that the rest of the children attend.

Mr. Harkness: I agree with the last statement of the minister. I merely wondered what proportion of this amount was for the first purpose I mentioned, to send Indian children to high schools and technical schools. If a considerable number of Indian children have now reached the stage where they can take that form of education I think that matter is even more important, because in my opinion the future of the Indian people really depends on carrying their education considerably beyond grade 3 or 4, as has prevailed up until recent years.

Mr. Pickersgill: This of course is an additional amount of money to make up the total for the year, and therefore it could not be

broken down in quite the way the hon. member suggests. If he would not mind, I would rather answer his question when my main estimates come up and I can give the experience for the whole year and also the anticipation for the coming year.

Mr. Montgomery: In those provinces which supply free school books do Indian children get them the same as other children?

Mr. Pickersgill: They get them everywhere.

Mr. Campbell: Does the Indian department have any difficulty getting Indian children into the ordinary day schools?

Mr. Pickersgill: I think the experience is steadily improving. There are some places where there are physical difficulties; the schools are not large enough, and that sort of thing.

Mr. Campbell: Only on physical grounds?

Mr. Pickersgill: There are one or two places where there is still a little hesitation, but they are fewer and fewer every year, I am happy to say.

Item agreed to.

CIVIL SERVICE COMMISSION

564. Salaries and contingencies of the commission —further amount required, $15,000.

Mr. Knowles: This item includes a detail listed as "telephones and telegrams, $5,000". I wonder whether the Minister of Finance has any better explanation for this expenditure on telephones and telegrams than the Minister of Citizenship and Immigration gave us a little while ago?

Mr. Harris: No, they are almost the same, because they represent in both cases increased inquiries about government business.

Mr. Knowles: But in the previous case the explanation seemed to be that the minister had a great many calls to the province of Newfoundland, a portion of which he represents. We are dealing here with the civil service commission. Is there any situation that is at all comparable?

Mr. Harris: What has been passed is passed. I am referring to this item which is required because of an unexpected increase in the number of competitions, some difficulty in recruiting classifications, the number of applicants and the number of general inquiries relating to civil service employment.

Mr. Knowles: Then the minister does admit he has a better explanation than was given for the previous case?

Mr. Harris: Not if the telegrams from Newfoundland relate to the matters to which I have referred.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

565. Passport office administration—further amount required, $23,000.

Mr. Diefenbaker: What is the nature of this additional amount? Why is the amount required? Has there been any expansion or extension?

Mr. Harris: The item is broken down, Mr. Chairman, into the purchase of 40,000 additional passports. I understand there was no great increase in the demand for passports, but on the other hand it was found that certain costs could be saved if the quantity ordered were in excess of that which would normally be ordered. This amount is to cover that particular item.

Item agreed to.

567. Canadian representation at international conferences—further amount required, $75,000.

Mr. Macdonnell: What was the amount previously voted? In other words, what percentage does this $75,000 bear to what has already been voted?

Mr. Harris: The original amount was $175,000.

Mr. Macdonnell: So this represents an increase of about one-third. I think we might reasonably ask to be informed whether there were unexpected conferences which arose, or how this very substantial increase came about?

Mr. Harris: Yes, a large part of the additional cost was quite unexpected. It takes care of the Geneva conference on Far Eastern affairs of about a year ago. You may recall, Mr. Chairman, that was called suddenly because of developments in Viet Nam, and the conference had not been expected at the time of making the estimates. In addition there was the nine-power conference on German rearmament in London, which also could not be foreseen at the time the estimates were drawn up a year and a half ago. Then there was the consequent NATO ministerial meeting in Paris which followed upon the nine-power conference.

Item agreed to.

569. To provide for the Canadian government's contribution towards the cost of the North Atlantic Treaty Organization permanent headquarters in an amount of 12,500,000 French francs, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1955, which is $35,100.

Mr. Diefenbaker: What is the explanation for this, Mr. Chairman? Has it to do with some building that is being put up as permanent headquarters?

Mr. Harris: Yes.

Mr. Diefenbaker: For NATO?

Mr. Harris: Yes.

Mr. Diefenbaker: What is the total cost of the building, and how is the obligation determined for each of the countries?

Mr. Harris: The total contribution is 250 million francs, of which 6·7 per cent will be Canada's share. Of that, 5 per cent will be paid out of external affairs estimates and the balance, 1·7 per cent, out of mutual aid contributions.

Mr. Diefenbaker: Has the minister the contribution made by other countries?

Mr. Harris: No, I just have our own.

Item agreed to.

571. To provide for a gift of food and drugs as a contribution to flood relief for India, Pakistan and Nepal, $225,000.

Mr. Diefenbaker: Under what circumstances was this contribution made to flood relief in India, Pakistan and Nepal?

Mr. Harris: In 1954, after floods had caused devastation over wide areas in India, Pakistan and Nepal, the Canadian commission in Karachi and New Delhi reported that the United States and United Kingdom were making efforts to provide a substantial amount of flood relief, and suggested that a contribution by the Canadian government would be welcome. In view of these circumstances it was agreed we would supply $225,000, to take the form of dried skim milk and drugs for this purpose, to be divided as follows: India, $100,000; Pakistan, $100,000; Nepal, $25,000.

Item agreed to.

572. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, $500,000.

Mr. Diefenbaker: This has to do with a contribution for Palestine refugees. How long has the Canadian government been making this contribution? What has been the total to date of the Canadian contribution, and has the minister a record of the number of refugees who are to be the beneficiaries of these grants, either on the part of Canada or collectively on the part of the nations making contributions?

Mr. Harris: This arose in 1949, Mr. Chairman, when the United Nations undertook, through a relief organization, to provide for those who had unfortunately become refugees as a result of the difficulties in Israel. We have been contributing yearly since, and our total contribution to date amounts to $3,555,929. We are the fourth largest contributor after the United States, the United Kingdom and France. We have been making this contribution in the hope that the problem could be solved. Indeed we have expressed rather strong views on occasion about what should be done. Since some hon. members are very familiar with the problem I perhaps should not say much about it, except to add that we do feel this is one of those cases where greater difficulties might have occurred if the problem were not met in the manner in which it is being met here. For that reason we continue the grant we have made.

Mr. Diefenbaker: The minister has stated the problem. There is no more difficult problem anywhere in the world, I would think, than one dealing with refugees. I personally spoke with a number of the refugees and learned that they realized Canada was making this contribution toward the alleviation of their condition. The minister has mentioned the strong views expressed on this question by Canada. Certainly there is no sorer spot than these camps which, as one visits them and leaves them, cannot help but impress one with the awfulness of the situation in which these people find themselves.

The minister mentioned Canada's contribution, and I think that is one contribution that does leave an impression upon the people who receive it. In addition, it is building a bulwark against the spread of communism in these areas.

Mr. Low: Can the minister say whether the nations who do contribute to this fund have made fairly strong representations to the effect that the contributions should be used for the rehabilitation of these refugees, rather than simple maintenance as has been the case up to this time? If so, what has been the response?

Mr. Harris: I believe the hon. member for Peace River has put his finger on the problem which, let us in all frankness admit, does exist here. Perhaps because of circumstances it was inevitable for a while that the relief item should go entirely to maintenance. One accepts the problem, and by maintenance looks after the people immediately. It takes a little while to work out a plan for the eventual rehabilitation of these people. This extended over a period of time after 1949, but we are satisfied that there is good evidence that the problem now is being looked upon as one which must be solved by way of rehabilitation and in other ways.

I would not think this was the time for me to indicate what those solutions might be, but we are satisfied that during the past 12 months there has been evidence the problem is being looked at in the light in which the hon. member mentions it, rather than in the light of maintenance.

Item agreed to.

573. Contribution to the United Nations Korean reconstruction agency, $500,000.

Mr. Knowles: In a general way may I express approval of each of these grants we are dealing with under this heading. May I also ask one or two questions regarding this item. Can the minister tell us in what form this contribution is made, and the total amount we have given toward relief and rehabilitation in Korea under various headings? Also, can he tell us how it is administered when it gets to Korea?

Mr. Harris: I regret very much that I will not be able to answer all the questions. I should add, however, that this is one of the items which, upon consideration this year, we decided ought to be continued for another year because of the special problems existing in Korea. I think my hon. friend realizes that, without boastfulness, we have probably contributed quite substantially to this program, having in mind any other contributions that have been made. I notice that in 1951 we contributed $7,250,000, and that we have made contributions since. I think my hon. friend also remembers that a citizen of our country was on this commission.

Mr. Knowles: King Gordon?

Mr. Harris: And a man from Sarnia. We feel, however, that this matter probably is reaching the point where other influences may enter into the solution of the problem; but having in mind the rehabilitation that is still needed, we believe we should still continue to contribute to the extent indicated here. In most cases it consists of purchases of Canadian goods and their shipment to Korea.

Mr. Knowles: Can the minister say a further word? I notice in the main estimates for 1955-56, at page 188, it is indicated that an appropriation of this kind is not to be made, although $300,000 was appropriated in 1954-55. From what he said a moment ago in explanation of this item in the supplementary estimates, do I take it that this item is taking the place of the item that was in the main estimates last year, but which apparently it was decided not to include main estimates for 1955-56?

Mr. Harris: Yes, this item is to complete the program that we agreed to in 1951 and have carried out, subject to this payment being made.

Mr. Knowles: According to the description of the item last year, it was given in Canadian fish. Is it fish again this year, or does the minister know?

Mr. Harris: No, I have not the information.

Item agreed to.

574. To provide for a gift of fish as a contribution to hurricane relief for Haiti, $25,000.

Mr. Nesbitt: I note that this item is to provide for a gift of fish as a contribution to hurricane relief for Haiti. What type of fish was it? Was it codfish, canned salmon or sardines?

Mr. Harris: Codfish, and a little bit of flour.

Mr. Nesbitt: Was Haiti consulted as to the type of relief they wanted.

Mr. Harris: Yes.

Mr. Diefenbaker: Where were these fish purchased? Were these the fish that created something of an incident recently, when the government had a large amount of fish on hand and no place to dispose of it? Was this where it came from?

Mr. Harris: I am afraid if this is a joke I do not understand it.

Mr. Knowles: The Minister of Fisheries should know.

Mr. Sinclair: We have no fish on hand.

Mr. Bell: Have we some sort of general policy regarding the purchase of these gifts? It looks as though they are to be a continuing thing. Is there some sort of general policy, or is general consideration given to the areas where the fish may be obtained? Are they surplus products on the coast from which they come?

Mr. Harris: In this particular case there were three different items, codfish, flour and potatoes. Haiti was consulted, and in the end codfish and a little flour were decided on. Each of these decisions is made at the time it arises. If the government decides to contribute some form of relief, naturally we make the contribution which would be appropriate and most needed at the time.

Mr. Nesbitt: I have one further question in that regard. When gifts are made for relief to another country, such as this, are concentrated milk products, powdered milk and so on, considered?

Mr. Harris: On several occasions we have given powdered milk and other products as

relief but, as I say, it depends on the circumstances and what would be most appropriate to the particular country.

Item agreed to.

575. To provide for the cost of Canada's participation as a member of the international commission for supervision and control in Indo-China, $220,000.

Mr. Harkness: I note that under this item there is provision for 28 full-time positions to the amount of $56,000. I suppose that covers only a very few months of the year, which accounts for the comparatively small sum for the 28 positions. I believe most of the personnel who are representing Canada in Indo-China are seconded from the armed services, and some are from external affairs. I presume those 28 are extra people who have been employed by external affairs in addition to their own personnel and the military personnel who have been chiefly used in carrying out this task. Is that correct?

Mr. Harris: That is right.

Mr. Harkness: How many months does this $56,000 cover?

Mr. Harris: Well, at various times. That is, they have been employed as one could employ them for the job for the east. Some of them will have been four or five months on the payroll, some of them will have been longer than that and some for less time.

Mr. Harkness: Do I understand that a number of those are Indo-Chinese. Is that what the minister says?

Mr. Harris: No; they were employed for the east. I did not say "in the east".

Mr. Harkness: I note under this there is an item "courier service, $15,000" which I presume is for the purpose of sending messages, mail and so forth, back and forth between Canada and our personnel in Indo-China. The chief reason I am bringing up any question under this item at all is that I have had complaints from some of the relatives of military personnel who are serving in Indo-China of extreme slowness in the passage of mail back and forth. What arrangements exist for forwarding mail from their relatives here to the men serving in Indo-China and bringing their mail back from Indo-China to their relatives here?

Mr. Harris: This item is to provide for courier service not from Canada to the east, but an extension of that now existing to Tokyo. This is the courier service from Tokyo to Saigon to New Delhi.

Mr. Harkness: That has nothing to do with the question I asked. My chief purpose in saying anything is to find out what arrangements exist for forwarding mail to the men serving there and getting their mail back without undue delay.

Mr. Harris: I beg your pardon. I spoke to the item in the estimates we are discussing. I did not intend to speak generally on the postal service. If my hon. friend wishes me to I shall be glad to make inquiries. It is not a matter of concern in this particular vote that we are dealing with.

Mr. Harkness: I think it is a matter of very considerable concern because the failure of mail to come back, particularly in the Christmas season, was a matter of great concern to relatives of people who are over there—

Mr. Harris: I have no doubt of that.

Mr. Harkness: —who were anxious to hear from those who are serving in Indo-China. It seemed to me that the provision for a courier service was designed to expedite mail back and forth. The minister says it is carried only from Saigon to Tokyo. Certainly there is no courier service which goes out that far. I presume the situation really is that the Minister of Finance has no information in regard to this.

He would have to consult the minister of external affairs in order to get any information as to the mail facilities at the present time, and particularly if they have been improved since the Christmas period when the complaints arose.

Mr. Harris: I shall consult the Postmaster General and give the information to my hon. friend.

Mr. Knowles: I should like to join with the Secretary of State for External Affairs in paying tribute to a devoted public servant who lost his life in Indo-China. One reason for my referring to Mr. Jack Thurrott at this time is that on one occasion he and Mrs. Thurrott were my hosts in the country which the Minister of Fisheries is going to visit shortly. I remember their extreme kindness, and since then I have followed his career in the Department of External Affairs with considerable interest. I am sure we all deeply regret that his career had to come to such an untimely conclusion.

Item agreed to.

DEPARTMENT OF FINANCE

Administration of various acts and costs of special functions—

577. To provide for adjustment payments in respect of subsidies previously paid and administrative expenses incurred by the Minister of Finance on behalf of Her Majesty pursuant to the agreement entered into between Commodity Prices Stabilization Corporation Ltd., and Her Majesty, on

the 25th day of June, 1953, under the authority of order in council P.C. 1953—868, dated the 1st day of June, 1953; and to authorize the write-off of the outstanding balance of advances previously made to the said corporation, $65,277.

Mr. Macdonnell: When dealing with this matter last year the Minister of Finance pointed out that a similar item was an aftermath of the Commodity Prices Stabilization Corporation Limited which had been liquidated some years before, when it surrendered its charter. I should like to quote from page 3423 of *Hansard* of March 29, 1954 where the Minister of Finance is reported as saying:

> The Minister of Finance was authorized accordingly to execute an agreement with the company which provided—I will not go into all the details—for the payment over of moneys to the crown and the crown was to dispose of these moneys first by paying all outstanding liabilities, second, by paying any claim that might be made by Joy Oil Limited, which was the largest claim outstanding and which was under litigation, and third, by paying the government the balance of advances to the company.
>
> Mr. Macdonnell: Is it practically cleaned up?
>
> Mr. Abbott: It is practically cleaned up. I think this will perhaps be as close to the final clean-up as possible. The Joy Oil claim has now been settled. There are sundry administrative expenses which have been incurred by the crown and the vote of $310,000 is required for the administrative expenses together with the Joy Oil settlement and to allow for any further minor payments that may come up during the current fiscal year, the year which will end in the next day or two.

I should like to know the reason for this $65,277 hangover. At that time it looked as though the $310,000 then being voted was to cover everything.

Mr. Harris: This is a different item which has been found in the bookkeeping of the Department of Finance. It relates to sums which are on the books as being due to the Commodity Prices Stabilization Corporation Limited, which we want to write off in order to clean up the account and not be in the position of having to carry anything on the books with respect to the corporation. However, should any of these outstanding accounts be collected the amount would be credited directly to the consolidated revenue fund and shown as a receipt.

Mr. Macdonnell: It is not a matter of vast importance, but I am still a little doubtful on one point. A year ago the minister referred to $68,000 of uncollected accounts. It is because of what the minister said a moment ago about new amounts being discovered in the accounts of the department that I find it a little difficult, as the negro gentleman said, "to make dem two tings paralyse".

Mr. Harris: But the item of last year did not write off the $68,000.

Mr. Macdonnell: I realize that. It is still carried as an asset.

Mr. Harris: It was. It is intended to go to the consolidated deficit account and disappear.

Mr. Macdonnell: The minister said a year ago that was going to clean the thing up, but he was perhaps carrying in his mind this $68,000.

Mr. Harris: That is right.

Item agreed to.

Payments to municipalities—

578. Grants to municipalities in lieu of taxes on federal property—To provide for payments to municipalities in accordance with the Municipal Grants Act, and the rural municipal grants regulations amended by order in council P.C. 1954—1621; and to provide for payments to municipalities under order in council P.C. 1954—1497, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein—further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property notwithstanding that formal transfer of administration has not been completed, $95,855.

Mrs. Fairclough: I notice that the main estimates show an amount of $3,202,348, whereas the previous vote was $3,190,000; that is a difference of only $12,348, yet the amount being asked for here is $95,000. I assume that the minister will say this is something that has arisen since the requirements were compiled for the main estimates. Would he also state what proportion of this amount is related to St. John's property and what amounts are required for other municipalities?

Mr. Harris: There are something in the order of 40 municipalities involved. If my hon. friend would not mind we could discuss this on the bill which I hope will be before us in a few days.

Mrs. Fairclough: What amount is required specifically for St. John's?

Mr. Harris: The amount this year is $22,000.

Mrs. Fairclough: Can the minister give the committee some idea of why the difference has increased from $12,000 to $95,000 in a short space of time?

Mr. Harris: I think the former minister of finance made it clear that these grants were made to municipalities that applied for them. As payments were made other municipalities learned of them and applied in turn. Then adjustments were made and the amounts were constantly changing.

Mr. Macdonnell: We are all aware that the act is to be amended this year, but for a moment or two I should like to deal with

the inadequacy of the act and ask one question. Section 4 of the act reads:

> Where, in a form prescribed by the minister, a municipality applies for a grant, the minister may, in his discretion, out of moneys provided by parliament, make a grant—

When questioned about that the minister referred to this as being essentially an *ex gratia* payment, and said that was why the words "in his discretion" were put in the act. We were told that the basis upon which the minister exercises his discretion is the formula set out in the act.

The approach of the minister's predecessor was that the grant was merely an act of grace. I always thought this was rather a technical approach but apparently he felt it was correct, and for that reason this wide discretion was left in the act, which is subject to very obvious criticism because of the possibility of its being improperly used, but I shall not go into that.

The last minister said that notwithstanding this, the basis upon which the minister exercises his discretion is the application of the formula set out in the act. That, I take it, is still the case, and it is for that reason that I am still not quite clear, with this formula available and with no other applicants being entitled to come in, how we run into the figure the minister has mentioned. I know the minister has dealt with this already, but I would like to hear him tie it in with the statement of his predecessor as to the use of the formula.

Mr. Harris: I think I should begin by suggesting that the hon. member for Greenwood might bear in mind that despite the wide discretion, and in fact because of it, the Minister of Finance desires to make the right decision. If a decision is reached either in prospect or upon the first application based on certain information as to assessments and the like, and if at a later time the municipality complains that that is not a fair basis on which to deal with the grant being made to it and it supplies information which changes the picture from the standpoint of the Department of Finance, you will find you are making a larger grant.

I think the hon. member will appreciate that in any matter in which there is discretion rather than a grant of a fixed sum of money, the application of four different rules or four different groups of grants, as I recall it, would lead to uncertainty until you had in fact come to complete agreement with the municipality concerned.

I want only to add that we will no doubt have a further discussion of this in the consideration of the bill now before the house; but if there is any doubt in the mind of the committee, Mr. Chairman, I wish to say I am happy to follow the practice laid down by my predecessor because I think it is a sound one, and I do not propose to change the exercise of the discretion any more than is absolutely necessary.

Mr. Macdonnell: The minister has shaken me a bit, because he has really made me feel there has been more discretion and less reference to a formula than I had thought to be the case. But I shall not press that now, particularly because, as he indicated, the matter will come up again for discussion.

There are one or two other things arising out of it. This is not the place to complain about the bill which has still to come before us, but I would like to ask the minister two questions. Can we take it that inevitably, when the dominion-provincial conference meets, the position of the municipalities will be a subject which will be given top priority? Is that a fair inference?

Mr. Harris: I think, Mr. Chairman, I might be pardoned at this time for making no guess as to what might arise at a dominion-provincial conference.

Mr. Macdonnell: That being the case, I think the minister might at least answer my next question. Does he consider that the municipalities are in a situation where something does need to be done to adjust the balance between them and the other two taxing authorities?

Mr. Harris: I have my own views as a taxpayer in more than one municipality concerning the municipal problem, but I do not think it is a matter for discussion here.

Mr. Macdonnell: I suppose it is not a matter for discussion here because it takes two to discuss, and if the minister will not discuss I cannot go much further with it but will have to wait for another day.

Mr. Montgomery: Mr. Chairman, there is a little matter bothering me concerning item 578, part of which reads:

> Further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property notwithstanding that formal transfer of administration has not been completed.

If this is to cover grants in lieu of taxes for next year why should it be included here? I may misunderstand the whole thing.

Mr. Harris: This was discussed last year, Mr. Chairman, but I am sure my hon. friend would not feel that the government had not done its utmost in the meantime to acquire title to this particular property. However, that is the case. We have been using this building for anywhere from three to five years, I have forgotten exactly how long.

We have not yet obtained title for the crown in the right of Canada; but because we have been occupying it, and in fact own it, although the actual documents have not been exchanged, we feel we should use it in the computation of the grant to the city.

Mr. Montgomery: In other words, no taxes have been paid to the municipality concerned?

Mr. Harris: No, it is actually in the title of the admiralty of the United Kingdom.

Item agreed to.

Contingencies and miscellaneous—

579. To authorize the write-off to the consolidated deficit account of certain accounts, as detailed in the estimates, arising out of world war II and other transactions amounting in the aggregate to $1,010,111.38 which are uncollectable or for which no residual asset remains, $1.

Mr. Harkness: Concerning item 579, an amount is shown of $1 only but it is actually a write-off of over a million dollars. There is one part of the item which I can understand quite readily, and that is working capital advances to crown assets. There are, however, some other items which I think the minister should perhaps explain to us. There are, for instance, loans to coal companies of $33,000 odd. I wonder how the loans to the coal companies arise and why they are being written off?

I would like also to have some explanation concerning Bank of Montreal provincial notes of $27,560. It seems rather odd that the government is writing off Bank of Montreal provincial notes in the amount of $27,560.

An hon. Member: It is six o'clock.

Mr. Harris: I appreciate that, and if I give an explanation now which does not satisfy the committee perhaps we can go back to it at eight o'clock. I admit it is a little odd to be writing off items to the extent of $46,000 with respect to a bank robbery which occurred on January 11, 1869.

Mr. Harkness: What date was that?

Mr. Harris: January 11, 1869.

An hon. Member: The Tories were in power.

Mr. Harris: There was a theft of $46,000 from a bank in St. Catharines, Ontario. It happened that the notes had not been issued to the public and were stored pending issue. In the resulting accounting by the Receiver General of Canada this was undertaken as a liability of the government here. Over the years some of these notes have been turned in and cashed and this is to get rid of it on the books of the Receiver General.

Mr. Harkness: You have no hope of taking in any more of the notes?

Mr. Harris: I shall endeavour to answer the question concerning the coal companies and perhaps we can then pass the item. This item covers a loan to Empire Collieries Limited, Calgary, in the amount of $4,000; a loan to the Manitoba and Saskatchewan Coal Company Limited in the amount of $14,213.70; and a loan to the Tel Koal Company Limited in the amount of $15,000, which gives a total loan of $33,000 odd. These three companies folded up for financial reasons, and these are sums which were carried in the items of the Department of Defence Production and are now being written off.

Mr. Harkness: The companies are not defunct, are they?

Mr. Harris: Yes; they are defunct and have been for some time.

With respect to the ammunition and the bridge spans, these were items which were originally intended for China under the export credit loan but in fact were not shipped. They never did go to China. They were turned over to the war assets disposal corporation, were by them disposed of and the moneys were received for them. But we are writing off the item on our books in the Department of Finance because of the advance that was made originally.

I think those are all the items included.

Item agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: Order. When the committee rose at six o'clock we were considering resolution 580. Shall the resolution carry? Carried.

Item agreed to.

Special—

581. To provide for a contribution to the government of the province of Ontario for assistance in meeting costs resulting from floods, arising out of "Hurricane Hazel", on October 15 and 16, 1954, and to authorize, notwithstanding section 35 of the Financial Administration Act, the making of payments under this vote up to May 31, 1955, $1,000,000.

Mr. Enfield: This item is to provide a contribution to the government of the province of Ontario to assist in meeting costs resulting from damage caused by "Hurricane Hazel" of last October, which did such a great deal of damage in various parts of Toronto and also in my riding. Shortly after the tragic occurrence those who had suffered damage were most heartened by the ready assistance

that was quickly proferred by the federal government to the province of Ontario to help defray the cost of the damage caused by the floods.

If I may be permitted to mention it at this time, the only real solution to the problem is to put into effect there something like the proposal submitted by the Humber valley conservation authority. I understand that the government is considering the possibility of making a grant of some $5,300,000 to the province to carry out the conservation authority plan. When you weigh the amount involved there against the $1 million it is apparently going to cost to repair the material damage caused by the hurricane the $5,300,000 does not seem on balance to be out of the way at all. I urge the government to give sympathetic consideration to that proposal.

As far as the $1 million is concerned, I presume that will be the total cost. Perhaps the minister can say if that represents the total contribution to the provincial government, and also how the costs were shared and to what kind of losses the contributions were restricted.

Mr. Harris: The contribution was made, of course, to supplement the grant made by the province to those who suffered damage by reason of the hurricane. The province came to the conclusion that the appropriate grant in aid would be 80 per cent of the cost to the householder who lost his building. A minimum of $100 was imposed; that is, the first $100 was deductible, and there was a maximum of $5,000 on the amount of the contribution in respect of any one building. The federal government offered to share one-half of the amount the province was paying, and we think this sum of $1 million should be $30,000 to $40,000 more than may actually be needed.

Hon. members will notice that the item provides for the payment of these accounts up to the end of May rather than the end of the fiscal year in March. The committee set up by the provincial government, by advertisement and by letter, has been urging all those who have claims against the fund to get their bills in so they may be paid. Consequently we expect to be able to settle all accounts within this time limit.

In order that hon. members will know what we have not done, I should add that the provincial government and the metropolitan council of Toronto undertook in addition to buy, not by way of expropriation but by way of purchase, certain properties in order to ensure that no one would build again at these places, and we did not share in that. I think the reason is obvious. This was not

[Mr. Enfield.]

a direct relief effort. It was a decision made by the proper authorities that it would be unwise to have people living in those dangerous areas again.

Mr. Hahn: Can the minister tell us whether or not trailer homes will be paid for out of the fund as well? I understand one war veteran lost his belongings and his trailer home, and has not been able to get restitution from the provincial authorities.

Mr. Harris: I am not familiar with the case but I should remind hon. members that in addition to the moneys paid out by the provincial government to which we are contributing, there was as everyone knows—mayhap many contributed—a substantial sum running into several million dollars raised to assist these unfortunate people. My understanding is that generally that fund was used for the replacement of personal belongings and losses of that kind, and the governments entered into the replacement of buildings and properties.

Mr. Hahn: This individual not only lost his belongings but his trailer house as well. It was later taken to a garage and left there. He was destitute and had no means of acquiring a home. It is a complete loss as far as he is concerned, and he is having difficulty in getting restitution.

Mr. Harris: Of course no federal agency has been engaged in the payment of the money. That has been done through the provincial government and the bodies they set up to handle the matter. If my hon. friend has a particular case in mind and will let me know about it I will see if the provincial people will give consideration to it.

Mr. Knowles: As one who, with others sitting near me, represents a part of the country where in 1950 we received help in time of need from the federal government—indeed, help from far and wide—I want to register my approval of this grant to help those who suffered loss as the result of "Hurricane Hazel".

Mr. Pallett: On behalf of the people who actually received assistance from the fund I wish to thank the government for deciding to put this amount in the supplementary estimates. I think it is a very sound principle. I was also pleased to hear the hon. member for York-Scarborough, who spoke in support of the Humber valley conservation authority plan, recommend that the government should take action on it. As to the suggestion that some people have been omitted in the settlement of claims, I have had something to do

with the matter and this is the first time I have heard that the people administering the hurricane relief fund have overlooked anybody.

Mr. Harris: I hope nothing I said indicated that I was not satisfied with the effort and time put by the provincial authorities into the administration of the fund and in seeing that the needs of the people were met.

Item agreed to.

DEPARTMENT OF FISHERIES

Special—

583. To provide for assistance in the construction of vessels of the dragger and/or long liner type, subject to such terms and conditions as may be approved by the governor in council—further amount required, $21,049.

Mr. Nowlan: This is a supplementary item of $21,049 in addition to the $200,000 we voted before. Can the minister tell us how many draggers are being constructed this year?

Mr. Harris: For the current fiscal year there will be 34 subsidy payments totalling the amount indicated, about $221,000.

Mr. Nowlan: For 30 different construction jobs?

Mr. Harris: Yes.

Mr. Nowlan: This item, of course, will be recurring in the general estimates that we will consider in a few weeks, and it can be discussed at greater length then than now.

Mr. Harris: Thank you.

Mr. Nowlan: I am sure the minister will appreciate my thoughtfulness on this occasion. I noticed in the press this week a news story, which of course does not necessarily represent government policy but which suggested some knowledge of policy. It was to the effect that an interdepartmental committee had been working on this matter of trawlers off the coast, that it was prepared to report in the very near future, and that there might be the possibility of a change in government policy with respect to this whole matter. I believe the committee had some legal advice from Dean Curtis of the University of British Columbia in dealing with the whole problem.

As the minister well knows, one of the conditions of the licence for each one of those 30 projects to which he has referred will be that they cannot operate within the 12-mile limit off Canadian shores, whereas United States fishermen are allowed to operate within 3 miles of Canadian shores. This, in itself, creates a problem. The operation of these vessels within the 3-mile limit creates another problem. In many places I know the situation is intolerable.

Frankly I do not believe the government can justify going ahead year after year spending public money for the construction of Canadian boats, manned by Canadian crews, and permitting them to come only within 12 miles of our coast, whereas under international law United States fishermen are allowed to come within 3 miles. I would rather see them all kept outside the 12-mile limit, because they are doing a great deal of damage to our inshore fisheries.

I should like to know if there is any statement with respect to this matter that the minister can make now?

Mr. Harris: I am sorry, there is not. I would not want to say anything now about whether or not the report has any foundation. I think my hon. friend will get full information on the fisheries estimates.

Item agreed to.

584. Amount required to recoup the fisheries prices support account to cover the net operating loss on completed programs of the fisheries prices support board as at March 31, 1955, $744,382.

Mr. Nowlan: In the general estimates we voted only the amount for the administration of this board. At the time I questioned the minister at some length, and he said that was all that was necessary to vote because apparently there were no foreseeable expenses for which he could provide in the main estimates. We voted some $85,000 for administration, and now we are asked to vote $744,000 to cover an operating loss on the completed program of the fisheries prices support board, as at March 31, 1955. I would have thought that part of that would have resulted from the operations of last spring, and we would have had some provision made in the general estimates. Can the minister tell us what were the operations, and how the losses did occur?

Mr. Harris: There are quite a number, and if the committee permits me I shall read them. There is the prairie provinces frozen fish support program in 1953-54, which showed a net loss of $191,521. There is the pickled mackerel fillets deficiency payments program in the Magdalen islands, Richmond and Inverness counties, Nova Scotia, in 1952-53, showing a loss of $21,903. There is a small loss for Newfoundland, the shore-caught salted codfish deficiency payment program, of $478. There is a small credit from the Canadian Commercial Corporation of $40. All this comes to $213,862. There is a further item of $355 with respect to the Magdalen

islands pickled mackerel fillets. There is a large item with respect to the Atlantic coast salted codfish purchase program, 1953, amounting to $446,903. There is an item of $37,521 with respect to the Saguenay county salt codfish deficiency payment program, 1953. There is an item of $45,741 with respect to the bloaters purchase program, 1952 and 1953.

Mr. Nowlan: When the minister says of 1952-53, does he mean we purchased some in those years and the losses were only realized in the present year? Otherwise some of these items should have been in other estimates.

Mr. Harris: That was the production year, and these sums are to be paid now because this is the sale year.

Mr. Cameron (Nanaimo): Can the minister explain this a little further? I have the report of the fisheries prices support board for 1953-54, which contains a number of the items he read just now, but it does not contain anything for the period 1954 and 1955, for which I suppose this particular item provides. It says here that the completed program of the fisheries prices support board, as at March 31, 1955—there must be some other items than those the minister read out.

Mr. Harris: All the items I read, Mr. Chairman, come to the total of this item, $744,382.

Mr. Cameron (Nanaimo): Then there may be further supplementaries to complete anything beyond the dates to which the minister referred.

Mr. Harris: If there has been a fish support program during this fiscal year which is not completed by the sale of the fish by March 31, then there will be an item in next year's estimates.

Mr. Cameron (Nanaimo): I was wondering, too, if the minister could tell us what sort of goal the prices support board has? Their objective, as set out in the report here, is to endeavour to secure a fair relationship between the returns from fisheries and those from other occupations. I am asking the question because of comparative figures I compiled with regard to British Columbia and the maritimes. There does seem to be a wide discrepancy there. In Newfoundland, for instance, there are 19,566 fishermen, and the average value of the catch per fisherman is $770, whereas in British Columbia there are only 6,715 fishermen and the average value of the catch per fisherman is $5,061. I was wondering if there was some attempt under this particular program of the prices support board to bring the maritime fishermen up to some more reasonable income level.

[Mr. Harris.]

Mr. Harris: I am sure my hon. friend would get more enlightenment on that point on the fisheries estimates, but I do want to say this. All the fishermen on the east coast look upon those on the west coast with some envy. My hon. friend knows the reason for that. This government has tried over the years, and particularly in the last three or four years, to find some means to not necessarily bring the average catch value up from $700 to $5,000 as he has indicated, but at least to see that the people on the east coast were not living at the low standards they had been before say 1948 or 1949, and particularly Newfoundland since it became a part of Canada. We feel there is some standard of living to which all Canadians are entitled, and this is one way of accomplishing that end.

Mr. Cameron (Nanaimo): I am not quarrelling about it; I am just wondering if you are doing enough. It still seems very little for the average fisherman.

Item agreed to.

DEPARTMENT OF JUSTICE

585. Yukon Territory—administration of justice—further amount required, $12,000.

Mr. Montgomery: Can the minister say if this applies to reform institutions or penitentiaries? It covers the acquisition of buildings and lands.

The Chairman: Resolution No. 585 covers the Yukon Territory.

Item agreed to.

586. Construction, improvements and new equipment, including provision for the establishment and construction of a new institution in the province of Quebec for the confinement and reformation of federal prisoners—further amount required, $200,000.

Mr. Montgomery: I believe item No. 585 was the one I really wanted to find out about. There is an item in that for construction or acquisition of buildings and land. Would the minister say whether that is to acquire reform institutions in the Yukon, or what is it?

Mr. Harris: As I think my hon. friend knows, persons who are jailed in the Yukon are often incarcerated in Alberta, and we pay the cost of maintaining these people under certain arrangements with Alberta. This happens to be an item which was discovered by an audit as not having been submitted to us two or three years ago. We are now paying Alberta, because had they submitted it at that time it would have been a proper charge on the federal government.

Mr. Montgomery: My next question is on this item, Mr. Chairman, and I see it covers money expended on these institutions in

Quebec. Can the minister give us any information at this time on conditions in the penitentiaries? Is the population increasing? Is the accommodation sufficient? Will there be considerably more accommodation as the result of this new reformatory being erected?

Mr. Harris: I am sorry, Mr. Chairman, to repeat what I have said so often before. This is not the occasion for a discussion of general policies and difficulties that face a minister in charge of any particular department. The purpose of this vote, of course, is to provide extra money which had already been approved in principle last summer and has been found to be deficient in amount. This relates exclusively to the expenditures necessary as a result of the riot in Kingston last summer, and is for the purpose of rebuilding the property.

My hon. friend made some mention of the vote itself. It should be borne in mind that the vote which is referred to here is the same vote which appeared in the main estimates last year. In that vote there was a reference to an item with respect to the penitentiary of St. Paul in Quebec.

Mr. Nesbitt: I have one further question. The item on page 5 of the supplementary estimates reads:

> Construction, improvements and new equipment, including provision for the establishment and construction of a new institution in the province of Quebec for the confinement and reformation of federal prisoners—further amount required, $200,000.

On page 19 of the details we find the following: "Penitentiaries: Kingston, $200,000." There is also another total of $200,000. Can the minister elucidate a little on that?

Mr. Harris: I am discussing the buildings item at the moment. Is there another item that my hon. friend wishes to take up now?

Mr. Nesbitt: There are two items.

Mr. Green: The details appear on page 19.

Mr. Knowles: I believe it is the same item set up in a different way.

Mr. Harris: We are talking about Kingston, which is the item I referred to, namely repairs to the penitentiary at Kingston caused by the riot last summer.

Mr. Nesbitt: Perhaps the minister has misunderstood me. Will he refer to page 5?

Mr. Harris: Of the bill?

Mr. Nesbitt: Of the supplementary estimates, which sets out the items. There he will find reference to construction, improvements and new equipment, including the construction of a new institution in the province of Quebec. The amount is $200,000. On page 19, in addition to that, there is another $200,000 item set out for Kingston. Perhaps the minister can deal with that.

Mr. Harris: I am sorry. I have been following the bill which I have before me and not the printed supplementaries that hon. members have. Let us confine ourselves to Kingston for the moment and dispose of that. There was a riot there last summer and repairs are necessary as a result. That causes us to ask for a further vote of $170,000 directly, and a possible expenditure of another $30,000; therefore we have made the item $200,000.

Mr. Nesbitt: No.

Mrs. Fairclough: It says "Quebec" here.

Mr. Harris: I am coming to that. I am asking hon. members to bear with me. If we pass this item, then we can go on with the other. Is that agreeable?

Mrs. Fairclough: No.

Mr. Harris: All right. What is the other item you are talking about?

Mr. Montgomery: There is another item on page 5.

Mr. Harris: It is in the loans, and when we come to the loans we shall deal with that.

Mr. Pallett: The item on page 5 refers to the province of Quebec and the particulars refer to Kingston.

Mr. Harris: I made it clear, I hope, that the wording in this supplementary is the same wording as in the original estimate for the past year. It happened that in that estimate there was a reference to a building in the province of Quebec. The item also refers to all forms of construction.

Item agreed to.

DEPARTMENT OF LABOUR

General administration—

587. Annuities Act — administration — further amount required, $26,000.

Mrs. Fairclough: I would like to have an explanation of this amount. I note that this refers to commissions paid to agents. Commissions are paid to agents in some instances and in others to postmasters, as the case may be. This amount of $26,000 is approximately 10 per cent of the total commissions which are estimated to be required for the year. There is no increase in the amount in the main estimates for next year; therefore it would look as though it is not an increase in that case. Something else has come up in the meantime. Will the minister say what it is? Has a special contract been written, or was the business in excess of what had been expected? Just what is the answer?

Mr. Harris: Yes, Mr. Chairman. The amount of commission has been growing because of the additional sales of annuities, apparently, and the amount in force at the end of last year, March 31 a year ago, had a valuation of some $794 million. On the basis of that and the expected sales during the year the main estimates provided for $997,000. We have found that we need an additional $26,000 to pay the two agents who are selling more annuities.

Mrs. Fairclough: I realize that we are not on the main estimates now. The main estimates give no recognition to the fact that this business is increasing, because there is exactly the same appropriation for commissions as there was for the preceding year. The sum of $26,000 is 10 per cent of the aggregate, and it would seem to me that surely there must be some special instance. I wondered whether a contract had been written for some large plant which employed several thousand employees, or something of that nature. Has the minister no information in that regard?

Mr. Harris: No, I do not think so. I have a fairly detailed statement on the method of paying the agents, but I have no suggestion that there is an unusual situation.

Mrs. Fairclough: I submit there must be an unusual situation, because it is not provided for in next year's estimates. If it is a steadily increasing thing, then the estimates were carelessly drawn.

Mr. Harris: Sometimes ministers of finance have a way of keeping estimates down, and they find out afterward that they were wrong.

Mrs. Fairclough: It is not very realistic.

Mr. Trainor: Has the government given consideration to advising prospective purchasers that the annuities they purchase today may be paid off at maturity in dollars that will purchase only 50 cents worth of goods in terms of the contributions they make?

The Chairman: Order.

Mr. Harris: It is a very hypothetical question.

Mr. Trainor: A very real one.

Item agreed to.

LEGISLATION

House of Commons—

588. General administration—estimates of the Clerk—further amount required, $58,000.

Mr. Green: With respect to this item, page 19 of the supplementary estimates gives us the details, which show that $50,000 of this amount is for publishing the debates. In the original estimates for the present fiscal year we voted $250,000, which was $100,000 more than had been voted the year before.

Mr. Pickersgill: Too long speeches.

Mr. Green: I admit that in the intervening years the Minister of Citizenship and Immigration has come to the house, and perhaps that accounts for it. Can the minister tell us why it is necessary to have this increase, amounting to $150,000, to cover the publishing of debates?

Mr. Harris: This item of $58,000 consists of $50,000 for publishing debates, $3,500 for stationery, supplies and equipment and $4,500 for expenses of committees and the like, making a total of $58,000. The cost of publishing debates has undoubtedly grown. I hope hon. members will recall that last session was the longest peacetime session since 1903, and under those circumstances you could expect a greater cost for the publishing of *Hansard*.

Mr. Knowles: How long a session does the minister expect this year?

Mr. Green: The minister I think will admit that this does seem to be a large increase, from $150,000 for the fiscal year 1953-54 to $300,000 for the fiscal year 1954-55. Surely that would not be accounted for solely by the greater length of the session?

Mr. Harris: The total expenditures to date are as follows:

Publishing debates, April 1 to June 30, 1954, $116,933.
Progress estimate to date, revised edition, first session, 22nd parliament, $52,645.
Add commitments, $169,578.
Publishing debates, January 7 to March 31, 1955, $97,000.
Progress estimate, revised edition, first session, 22nd parliament, $22,422.
Estimated amount to complete binding of first session, 22nd parliament, $11,000.
Total commitments, $130,422.

That brings the total estimated cost up to $300,000; we have voted $250,000, so we are asking for another $50,000.

Mr. Green: About two weeks ago hon. members received a letter from the queen's printer advising that if they wanted to purchase *Hansard* for any particular date at the rate which has been in existence for some time, that is 5 cents per copy or $3.75 per hundred, they must have their order in the distribution office by ten o'clock that night or in the printing bureau by midnight. This does not seem to be a very reasonable arrangement. In other words, if an hon. member wanted to order *Hansard* for today

he would have to order it from the distribution office before ten o'clock tonight, that is before the house adjourned, or from the printing bureau before midnight. Perhaps the minister can explain why this change has been made.

Mr. Harris: I know that anything hon. members have to say on this matter will be considered carefully by the queen's printer and by the Secretary of State. The obvious explanation, of course, is that this is done to cut down costs. Hon. members will realize that *Hansard* is put into type some time after midnight and is delivered to hon. members the next morning around 9.30 or ten o'clock.

That being the case, should hon. members want copies of *Hansard* in addition to the normal run the queen's printer had in mind to send to the house, it would be much cheaper to run off the copies at the time the original run was being made. In that way the queen's printer would not be in the position of either having a large overrun on the assumption that additional orders would be placed, or setting up the type at a later date at considerable cost. If this should be inconvenient or work to the disadvantage of the public I am sure consideration will be given to changing the rule.

Mr. Green: I take it that whatever amount is paid, it meets the cost of these *Hansards*; is that not correct?

Mr. Harris: I do not think that is so, but I shall get the figures on that.

Mrs. Fairclough: It occurs to me that this is a matter which could properly be considered by the standing committee on printing. I have been a member of that committee ever since I came to the house six years ago, and I have yet to be called to attend a meeting. Apparently quite a bit of work is done and quite a few decisions are made with respect to printing about which hon. members, even those on the committee, are not consulted. I would suggest that before any such regulation is made at least the standing committee should be called to confirm it.

Mr. Harris: I think I should tell the hon. member for Hamilton West that some consideration was given to this about a year before she entered parliament. At that time there were a number of rules laid down about the printing of *Hansard* and its purchase by hon. members. However, I think the idea is excellent. If the printing committee has not met for six years and if the hon. member, along with the hon. member for Winnipeg North Centre, would consent to serve I am sure we would have the best printing experience that could be brought to bear by hon. members.

Mr. Knowles: It is hard to resist an invitation of that kind, but may I point out for the record that the recommendations to which the minister has referred were made a number of years ago—before the hon. member for Hamilton West came here—but were never approved by the house. They were made by a committee of which I did not happen to be a member. That committee made its report, which was objected to by some hon. members, and the report was never concurred in by the house. Nevertheless its provisions were put into effect by the queen's printer.

In the meantime we have become used to most of those recommendations, and perhaps have grown to accept them. But I think the point made by those who have spoken is well taken. If any more changes are going to be made affecting hon. members of the house, perhaps we might be consulted.

While I am on my feet there is one other comment I should like to make. I believe that one of the reasons for the increased cost of publishing the debates—I am not now referring to the 10 cent charge for extra copies, because I think that could be looked into—is an increase in wages which was granted within the last couple of years. I am sure the hon. member for Vancouver-Quadra does not object to that any more than any of the rest of us do. In fact there is room for still further improvement on that score.

Mr. Pouliot: I happened to be the chairman of the debates committee when the matter was looked into. This committee did not sit very often, but on that occasion we had before us the editor of debates, the late Mr. Young. He suggested that we should dispense with the unrevised edition of *Hansard*. At that time there were two editions, the unrevised and revised, but since that time only the one edition has been published.

No doubt it is in an effort to effect economies that the queen's printer has asked hon. members to put in their requisition before the end of the day, so he does not have to keep the type set up too long. The printing of *Hansard* represents a formidable quantity of type, and as soon as the necessary copies are run off they can destroy the type and melt it down.

There was another matter which is of great interest to me, and perhaps the minister can give me some information tonight. Some years ago I insisted upon having early publication of the index of the debates of the past session. That index was most useful. It was completed during the summer recess,

but a week or two after the session was prorogued we had an unbound copy of the index, prepared by Miss Kearns and another lady who was very competent, and the index was useful and complete.

Now, what is the use of having *Hansard* when we do not have a proper index? I do not think the index for the last session has been published as yet; I know I do not have a copy of it. What is the use of having this big book when we do not have an index? I made protests in the house on many occasions previously, and finally I obtained the famous index; but I had to be grouchy and unpleasant and I had to complain frequently in order to obtain it. I wonder if I will have to start again to make the bureaucrats move and induce them to complete the index and release it to us at the earliest possible opportunity?

It is a long time since the last session concluded and there is no excuse for not having the index prepared. I do not care about the bound copy, but I want a good copy, an index which will be as complete and useful as it was when Miss Kearns and her competent assistant were in charge of it. I do not ask the minister to answer this question now but I wish to put it on the record, and I shall complain again about the undue delay in delivering the index to the members. There is no excuse for that at all.

Mr. Knowles: I think there is one point which should be kept clear, and that is that there are two committees that seem to be involved here. The hon. member for Temiscouata made reference to the committee on debates of which he is a member, and I recall a report of that committee which was concurred in by the house. But the committee to which the Minister of Finance and I referred was the committee on printing. The chairman at the time was Mr. Emmerson, and I believe it is that committee which would deal with a matter of this kind. As for the index to *Hansard,* if the hon. member for Temiscouata is chairman of the debates committee perhaps he could call it into session.

Mr. Pouliot: I am no longer chairman.

Mr. Thatcher: While we are discussing the cost of the printing of *Hansard* I would like to point out a practice which the house adopts more and more, that of attaching appendices at the end of *Hansard* from time to time. Sometimes the information contained in the appendices is necessary, but frequently it is easily available elsewhere. I do not think we should give unanimous consent to the printing of appendices. After all it costs a good many hundred dollars to print one page of *Hansard.* I would suggest to the minister that in future if information is available elsewhere by the simple process of looking it up, we should not consent to having these appendices and other things printed at the end of *Hansard.*

Item agreed to.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Mines branch—

589. To provide for payments to McGill University in connection with the development of a coal-fired gas turbine—further amount required, $50,000.

Mr. Johnston (Bow River): Before item 589 is passed I would like to say a word or two about it. I notice in the estimates that again this year we are going to provide $50,000 for the experiment with the coal-fired gas turbine. I would like to know what practical progress we have made in the development of that turbine. I remember that two or three years ago when the Minister of Mines and Technical Surveys was speaking on this item concerning this particular machine he told us it was going to be one of the major items in the solution of our coal mining difficulties. We had pointed out to him that the coal mining industry of Canada was finding itself in a bad way, and he told us at that time that a little squeeze might do the industry good, if I recall the term. He thought the squeeze would do the industry good and that in time it would survive. Unfortunately, however, it has not been surviving.

The minister pointed out as a bright spot in the future the development of this coal-fired gas turbine, and said that within a few years it would assist in the rescue of our fast-fading coal mines. I wonder if the minister could tell us at this time what progress has been made in the development of this machine and how long it will be before we can expect substantial results so the waning coal industry in this country will receive some little benefit from it?

Mr. Harris: Mr. Chairman, I regret to say that I can make no forecast as to how long it might be. I can only say that when the treasury board were engaged in considering these estimates some weeks ago we considered the progress that had been made and the recommendations which were presented by various people who in our opinion were competent to know. They recommended that this vote be continued and the work of this experiment be continued. We accepted that recommendation on the basis that these people felt that real progress was being made.

One could hardly expect that a particular experiment would in fact solve all the problems of the coal mining industry. Indeed, we

have heard many experiments suggested in the House of Commons as to what one might do about the coal industry. At the same time this seems to be giving satisfaction to those who think in terms of experimental work, and for that reason we consider the progress has been sufficient to justify its continuation in the hope that it will bring results which will be beneficial to the coal industry in both the east and the west.

Mr. Johnston (Bow River): The minister has indicated that when they were considering this estimate, those in authority gave him the advice that they considered it to be a worth-while project. They advised him that substantial progress had been made. I imagine in the course of this discussion when the government was considering granting this $50,000 some indication must have been given of the rate of progress, and some indication as to how much longer it would be necessary to continue this assistance.

I think the minister is sufficiently acquainted with business tactics and is himself a sufficiently good businessman that he would have said, "Now look, we are not going to give you $50,000 every year for as long as you want. We gave you assistance last year and the year before that and the year before that. How long is it to go on?" It seems to me the minister should be able to give us some indication. I would not expect that he could tell us within one year or even within three years, but he should be able to tell us when the machine will have advanced to the point where it will be a commercial proposition and of some assistance to the needy coal miners.

Mr. Gillis: Mr. Chairman, I do not expect that the Minister of Finance can possibly answer in the house for all departments, and I think this is one department where he does not have the details.

I was glancing at this item myself, and it brought to mind the fact that I had the privilege on two occasions within the last four years, the most recent being two years ago, of going down to Montreal with the Minister of Mines and Technical Surveys and other hon. members of the house, and also press representatives, to take a look at this experiment.

The idea is that of Professor Mordell of McGill University. Of course a gas turbine engine is not a new idea; in fact it is a rather old experiment, but we have never been able to develop a cooling system to which the blades of the engine would stand up. The only new idea in regard to the turbine engine is that Professor Mordell feels he has discovered a cooling system which will make that engine work. I think the original intention in developing this engine was to use it in locomotives. They think it would be a better device than the diesel engine, and would be cheaper and so forth, if they could establish it. But the last time I looked at it and saw it in operation my conclusion was that it was at least five years away from the blueprint stage and at least ten years away from the stage of being of any commercial value. That is on the assumption that it will work, and there is no assurance that it will do so.

I do not think that that engine would be used in any locomotive in this country for a good many years. When you consider the amount of money that has been spent by the C.N.R. and the C.P.R. in the dieselization of the roads, you may rest assured that they are not just going to write off that capital expenditure for the purpose of swinging over to new engines. That sort of suggestion is just ridiculous. The last time I was down there I asked Professor Mordell if, in his opinion, these engines were interchangeable with the diesel engines being used at the present time. He said no, that before these can go into a locomotive, they would have to get the cooperation of the Canadian National Railways, that their people would have to come in with him as well as others and that they would have to build a locomotive into which might be placed this engine. As for its doing anything for the coal industry, in my judgment it will never do so. When you consider the factors I have just mentioned, the only place where it would be able to help the coal industry would be by the burning of coal on the railways; and that is out, in my opinion. It may have some value, if they can make it work, in generating power in small power plants; that is, assuming that it will work. It may be a good marine engine. I talked to some people—I am not going to name them—and I was led to believe two years ago that those in the Department of Mines and Technical Surveys who have been watching the experiment were of the opinion that there was not much value in continuing to make that expenditure. However, I notice that it is here again. I am not going to ask the minister to take it out. Perhaps there are possibilities for the engine but I want to say definitely that, in my judgment, it will never be of any value to the Canadian coal industry.

Mr. Harris: What my hon. friend has said is, of course, said by one who knows a good deal about the coal business, and I am sure it will receive the careful attention of the Minister of Mines and Technical Surveys.

To answer my friend the hon. member for Bow River, let me just say that once again

this is a clean-up item of this year's commitments to McGill University. If he will vote it now, subject to what he has said, he may have a discussion of it with the Minister of Mines and Technical Surveys on the estimates for the forthcoming year.

Mr. Johnston (Bow River): I hope the minister will bring this matter to the attention of the Minister of Mines and Technical Surveys.

Mr. Harris: I will.

Mr. Johnston (Bow River): If he can persuade him to give us an answer, I will certainly pass this item now.

Mr. Nowlan: Can the minister tell us when this project started and what is the total expenditure on it to date?

Mr. Harris: The expenditure to date has been $433,786 and, with this supplementary item, it becomes $483,786.

Mr. Nowlan: Mr. Chairman, when did the project start? Has the minister the date of that, roughly? We have voted $100,000 already this year for this item, and this is a second item of $50,000.

Mr. Harris: I think this is the fourth year.

Mr. Nowlan: Yes; I think it is the fourth year in which this matter has been before the house.

Mr. Harris: I think so.

Mr. Nowlan: I do not want to set myself up as an expert. We all recognize the knowledge possessed by the hon. member for Cape Breton South with respect to the coal industry and coal mines generally. Far be it from me to question his judgment. However, I suggest that possibly this is an engineering problem about which neither one of us knows a great deal and that we ought to try to get advice from other people with regard to it. I have talked to engineers and to men who are close to the coal industry, and they are people whom the hon. member for Cape Breton South knows very well. I think he would accept their word and their judgment. They have an entirely different viewpoint on this particular project than that which was advanced by the hon. member for Cape Breton South and, I think inferentially, by the hon. member for Bow River. Frankly, I am a little bit surprised by the attitude taken by the hon. members. Of course if their premises are correct, they are justified. But apparently there is a big difference of opinion on the matter.

My complaint is not that you have a $50,000 item in your estimates. My complaint is that you have not enough. I think that this matter should have been proceeded with with more vigour and that more money should have been spent on it. Then we would not be debating needlessly tonight whether it is a good thing or bad thing, or whether it is going to be a good thing five years or ten years from now. If this were a national defence project, Mr. Chairman, and if it were a matter of developing a turbine engine for an airplane during the war, as was done with the jets, you would put the whole resources of the nation behind that project. You brought in scientists from wherever you could find them, you locked them up and told them to come out with a solution; and they did so, time and time again.

As I think the hon. member for Cape Breton South will admit, this project may be of equal importance to the coal industry. The coal industry's life is measured today not in decades but in years and almost, one might say, in months. I think that the government should place on this project greater emphasis than has been placed upon it heretofore. I am not criticizing them for what has been done. I know what they have been told undoubtedly. I have been told this by those fairly close to the matter. The government have been told, "We are getting enough money; we are proceeding along and we are making progress". The men back of this project, the scientists working on it, deserve credit. I think they have really accomplished a great deal. However, they are proceeding in a laboratory atmosphere. They are proceeding in an effort to achieve technical perfection. I do not think they have quite the sense of urgency that the occasion demands. Instead of thanking the government for the amount of money they have received, I think they should be demanding twice as much; and I believe the government would meet their request.

My hon. friend says that this engine could never haul a locomotive. I am told that the British have developed an engine similar to this one, or rather a turbine, and that they are hauling trains in Great Britain with it at the moment. I am also told that they have been trying to license it to two American railways and that both American railways have said, "We are interested in the McGill project; we think it is a better machine and we are not going to license yours, although it is made in Britain where ordinarily engineering standards are very high. We are going to wait for the McGill project to be finished." That is the interest that at least some people in the United States are taking in this project.

My friend says that it cannot haul a train. It certainly can develop power. Those who

are close to it and whose judgment I respect tell me that this may be the cheapest and most efficient source of power that has yet been developed by man. It certainly is a matter that deserves all of the attention of the government. Even if in the end we find that it does not work, a few hundred thousand dollars or a few million dollars spent on this project, having regard to the possibilities of it and what can be derived from it, should not matter too much. The possibilities are such that there should be no hesitation whatsoever. I urge the minister to give this matter most careful consideration. In the general estimates I hope there will be a much larger item.

Mr. Johnston (Bow River): The hon. member for Digby-Annapolis-Kings implied that I was opposing the amount of this estimate. I never did any such thing, Mr. Chairman.

Mr. Nowlan: That is what I understood.

Mr. Johnston (Bow River): No, not at all. The only thing I want to be sure of is that we are getting something for our money and that we are not going to have to wait for the rest of our natural lives before some progress is being shown. Our coal mines are in a desperate position. We cannot wait for 10 years, 15 years or 20 years for this development to show some signs of progress. The hon. member is a great deal more hopeful than I am if he thinks—as was indicated by the hon. member for Cape Breton South—that the C.N.R. or the C.P.R. are going to dieselize all their locomotives and then are going to turn right around and equip them with this gas turbine. They just do not do that sort of thing. Before the railways go back to this type of gas engine, 25 years or 30 years will have passed. What I should like to see is a little bit more energy put on this development. Even if we have to double the appropriation this year, I would not be against it. But we want to at least see a little bit of energy put into it so we may see some tangible results in the very near future.

Item agreed to.

General—

590. Payments to Royal Canadian Air Force and commercial companies for air photography, and to defray the expenses of and the purchase of equipment by the interdepartmental committee on air surveys—further amount required, $1,200,000.

Mr. Dinsdale: I have several questions on this item. I notice that the amount is almost the same as the original estimate for this work. That suggests to me either that there was poor estimating or that considerable new work has been undertaken. Second, I notice that the work of aerial surveying is being divided between the Royal Canadian Air Force and commercial companies. Can the minister tell the committee just how the amount is divided between these two groups? Can he also give us the name of the commercial company engaged in the aerial surveying? This is an item of $1,200,000, and it would suggest that a large amount of additional aerial survey work is involved. Can the minister tell us the nature of the work and if this amount is sufficient to complete it?

Mr. Harris: As I think hon. members know, we have been carrying out a program of aerial photography in Canada, and estimates are made in advance of the amount of work expected to be done during the coming flying season. Last year happened to be a particularly good year in some parts and not so good in others. The contract for the photography was carried out not entirely to the extent that had been expected. In addition to that aerial photography, however, the people concerned were able to take photographs not of the area that had been set out but of other areas, and when they completed their work the Department of Mines and Technical Surveys realized that the photography that was being offered at that moment was of an area which they would have on their program in a few years and they might as well acquire it now. That accounts for the fact that they purchased this additional amount of aerial photography during 1954-55.

It may look a little odd that the amount is as much again as the original item, but when it came before us we concluded that it was a sound investment as it merely involved doing twice as much work in the one year as had been expected. The advantage I see to it at the moment is that we are able to purchase it at about a 10 per cent discount under the circumstances.

Mr. Dinsdale: Can the minister tell me the name of the commercial company engaged?

Mr. Harris: I am sorry, I cannot.

Mr. Dinsdale: I suppose it is Spartan.

Mr. Harris: I think so.

Mr. Green: Can the minister tell us the policy of the government with regard to dividing this work between the Royal Canadian Air Force and the private companies? There has been considerable complaint that the government is not using private companies for work of this kind to the extent they could be used, and as a result the development of flying in Canada is being retarded, particularly in the northern parts of the country. I raised this matter last year

with the Minister of National Defence. There had been cases where the air force was actually flying on contract jobs. I think one was for the Iron Ore Company in northern Quebec; the air force was doing work which could have been done by commercial companies.

Has the government a policy of deliberately trying to promote the development of civil flying in Canada by contracting as much of this work as possible to private companies? I believe that is the policy followed in the United States, and it is one reason they have made such great advances in civilian flying.

Mr. Harris: I am sorry that I am unable to give figures to show the amount paid the R.C.A.F. and the amount paid to private companies, but I think my hon. friend knows that we do not consciously do anything which would interfere with private enterprise, and that while we may not deliberately bonus flying by Spartan or similar photographic companies we nevertheless do give them the business which under any circumstances would be justified, having in mind national security and the cost of doing a particular job. As I say, I am not able to break down this item, but I would be very much surprised if there was not a very large amount on the side of private industry and a small amount on the side of the R.C.A.F.

Mr. Hamilton (Notre Dame de Grace): Is anything included in this item for acquisition of equipment?

Mr. Harris: No.

Mr. Hamilton (Notre Dame de Grace): It is entirely payments?

Mr. Harris: Yes.

Item agreed to.

Dominion coal board—

591. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $1,604,000.

Mr. Nowlan: What was the total tonnage moved for the year under this item?

Mr. Harris: I am afraid I have the details in dollars rather than tons. I see that I have the details broken down by areas in tons, but only in terms of the increase. Therefore I would have to have the original figures. For example, the increase in coal movement in Nova Scotia was 959,631 tons. Waterborne on the St. Lawrence river amounted to 299,000 tons. These are additional to what was estimated, but I cannot give the grand total.

[Mr. Green.]

Mr. Nowlan: These figures are up to when?

Mr. Harris: The 31st of March.

Mr. Brooks: Are they only for Nova Scotia?

Mr. Harris: No.

Mr. Johnston (Bow River): Did I understand the minister to say there was an amount of money paid for the movement of coal by boat? If so, how much was it?

Mr. Harris: There are various amounts depending on whether it is all rail or waterborne to certain points in the province of Quebec; that is, transshipped there to rail. It is quite a complicated statement. I shall be glad to give it to my hon. friend but I do not think he would understand it if I were to read it. This item, of course, covers all coal subventions, in the east, in the prairie provinces and in British Columbia.

Mr. Johnston (Bow River): What was the amount of the subsidy granted to the western coal mines for movement by rail and movement by boat? Would the minister have those figures here? Possibly we will have to get them from the minister of the department.

Mr. Harris: The total expenditure for Alberta coal is $2,426,000, for British Columbia coal, $13,750, for Saskatchewan coal, $196,000, for Nova Scotia coal, $8,752,000, a total of $11,454,000. As the amount of the main estimate was $9,850,000 the amount of this supplementary item is $1,604,000.

Mr. Johnston (Bow River): I should like to say a few words about these coal subventions, though I do not want to carry on a debate at this time. The point that concerns me is that I am not sure that the amount of the subsidy is large enough. It seems to me that when we find our coal mines, particularly in the west and in the maritimes, suffering so badly because of lack of markets, some effort should be made by the government to increase the subvention to an amount that will enable our coal mines to get their fair share of the markets in Ontario and Quebec. There is no use increasing the subvention by 50 cents a ton if that is not sufficient to permit the coal mines of western Canada and the maritimes to get their coal to the markets of central Canada and compete favourably with imported coal.

We know a tremendous amount of coal is being imported, something like 22 million tons as against 15 million tons produced in Canada. It does seem to me that if we ever expect to get our coal mines back on their feet, we are going to have to increase the subvention to an amount which will enable those mines to compete with imported coal in

Ontario and Quebec. I think that is one of the things we should be considering, not whether it happens to be 50 cents or 75 cents, as the case may be, but we should be considering an amount sufficient to enable these mines to put coal into the east in competition with United States imported coal.

Mr. Harris: I know my hon. friend is aware of the fact that there is an item of $10 million in the estimates for the coming year to cover this subvention. I am sure he can put forward his argument at that time as to the manner in which we might improve the situation.

Mr. Gillis: That is what I am going to do. I do not want to get into any argument about that with the Minister of Finance; I would rather wait for the estimates of the Department of Mines and Technical Surveys.

Item agreed to.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Health services—

592. Laboratory of hygiene—operation and maintenance—further amount required, $17,000.

Mr. Trainor: This item appears to represent an expenditure of some $17,000 over last year's estimates. There is one particular part of the item that strikes me as a little excessive, and that is an amount of $13,350 for materials and supplies. Can the minister explain why it was not possible for the laboratory of hygiene to estimate any closer than $13,350 for their actual expenditure?

Mr. Harris: I am sure my hon. friend would be the first to agree with me that in health experimental work one never knows what he has to do until he does it. If during the whole of a 12-month period you ran according to a schedule you laid down you might be fairly competent to come to certain conclusions, but you would not likely be able to take advantage of those unusual events which occur and which send you off on another tangent to success in the thing you are seeking. I must say that I cannot say why they were not able to come closer to what their needs would be, but they assure me they needed this additional amount. Perhaps my hon. friend could ask the Minister of National Health and Welfare about that.

Mr. Trainor: I should like to suggest to the minister that $13,350 is a lot of leeway.

Item agreed to.

General health grants——

593. To authorize and provide for general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates—further amount required including authority, notwithstanding section 30 of the Financial Administration Act, to make additional commitments for the current year not to exceed $1,000,000, $1.

Mr. Knowles: I am sure the minister knows that some of us welcome any extension in the health grants program. The item before us calls for an expenditure of only $1. We will not get very much health for $1 with medical costs as they are, but I realize that the purpose of this item is to authorize greater commitments than were authorized in the main estimates in respect of hospital construction grants.

I notice that the actual increases in the commitments authorized by this vote of $1 add up to $1 million for increased hospital construction grants in Prince Edward Island, Quebec, Ontario, Manitoba and Alberta. That is all to the good, but none of us has any illusion that this represents rapid progress in this field. I do hope, however, that the fact that the health grants program is being pursued even to this extent means that the government has not lost sight of the fact it has stated so often, namely that the purpose of the health grants program is to lay the foundation for nation-wide health insurance.

Despite the short exchange the Minister of Citizenship and Immigration and I had this afternoon as to whether legislating by a $1 item is medieval or modern, I am still of the opinion that if pursued year after year it is medieval, and it is time any so-called progressive party became modern. I am not alone in this feeling, Mr. Chairman. I know that the ministers of health in a number of provinces hope the time is not far distant when this health grants program will be put on a statutory basis. Indeed, many of us hope it will be more than a health grants program, but at least, whatever it is, it should be on a statutory basis so those concerned will know what they can expect.

It was in May, 1948, that the health grants program was first announced. We accepted the fact initially that it was to be done by putting items in the estimates. This is now 1955, and it is still being done in that way. We do not know just how much is involved in the expenditure that is made possible by this $1 item, which simply underlines my point that we should have this on a statutory basis.

Those are the two main comments I make in addition to welcoming any improvement, first that it be not forgotten that this health grants program was said at the beginning to be the basis for nation-wide health insurance, and that sooner or later this should be put on a statutory basis.

Item agreed to.

Supply—Atomic Energy

NATIONAL RESEARCH COUNCIL AND ATOMIC ENERGY

Atomic Energy of Canada Limited—research program—

595. Current operation and maintenance—further amount required, $155,000.

Mr. Green: Item 595 has to do with Atomic Energy of Canada Limited. There was a vote in the main estimates of $8,379,765. Then in last year's supplementaries there was a further vote of $250,000, and now we are asked to vote an additional $155,000. Can the minister tell us why this additional vote is necessary?

Mr. Harris: Yes, Mr. Chairman. This is the result of a change in the method of accounting and bookkeeping with respect to the houses and properties at Chalk River. After the estimates were made up last year there was a decision made that certain costs would be amortized, and that the cost of doing that would be charged against this item. The $155,000 referred to here is the cost in connection with the sum of $2,843,174, which is more particularly referred to in item 597, the second item from this one.

Mr. Green: Then I take it this vote of $155,000 does not mean the expenditure of any additional money?

Mr. Harris: No.

Item agreed to.

Atomic Energy of Canada Limited—research program—

596. Construction or acquisition of buildings, works, land and new equipment and to authorize Central Mortgage and Housing Corporation to undertake construction of works at Deep River for Atomic Energy of Canada Limited—further amount required, $1,106,000.

Mr. Green: There is a similar situation with respect to this vote. The vote in the original estimates was $4,805,010. Now we are asked to vote an additional $222,000 for the construction of buildings and works and so on at Deep River. For the moment I am not mentioning the other part of the vote, which has to do with the reactor. Can the minister tell us why this additional vote of $222,000 is necessary?

Mr. Harris: These are actual expenditures, Mr. Chairman, and the first item is a metals preparation shop at a cost of $400,000, a pilot plant extension building, a diluting fluids disposal building, a uranium storage building and certain other facilities and equipment.

Mr. Green: The figures the minister has just quoted are considerably in excess of the $222,000 which is found in the details for this vote.

Mr. Harris: There is a 65 per cent reduction in connection with a certain refundable item. If my hon. friend wants to go into detail I can read it, but I think when he gets to the next item he will see the point of it.

[Mr. Knowles.]

Mr. Green: Of this vote of $1,106,000 the sum of $884,000 is described on page 21 as being—

Portion of cost of new reactor (NRU) representing the increase from 26 per cent to 35 per cent in the percentage of the cost of construction chargeable to the research program of the company, for the fiscal year 1954-55.

Does that mean the work was proceeded with more rapidly than had been expected when the original estimate was made, or just what is the explanation?

Mr. Harris: The explanation is something like this. Originally it was intended that the cost of these buildings would be divided between the portion which it was thought would be of a commercial nature and the portion which would be used for purposes of the atomic energy program itself. That portion was worked out at 26-74 per cent. It is now intended to change that to 65-35 per cent, and these items have to do with the alteration of the bookkeeping items of atomic energy and the government of Canada to make that change possible by writing down the cost in one case and cancelling certain capital stock in the other.

Mr. Green: How do those percentages apply under the new plan? I am not quite sure which was 65 per cent.

Mr. Harris: 65 per cent is the commercial item, and 35 per cent is the non-commercial item.

Mr. Green: That is, 65 per cent of the product is to be sold; is that the idea?

Mr. Harris: That is right.

Item agreed to.

Atomic Energy of Canada Limited—research program—

597. To authorize (1) subject to the approval of the governor in council, amendments to the agreement dated the 22nd day of January, 1953, between Her Majesty the Queen in right of Canada and Atomic Energy of Canada Limited (hereinafter called "the company"), to provide for (a) the write-up in the accounts of the company in the sum of $2,843,174 representing the depreciated value as at March 31, 1954, of the housing accommodation at Deep River previously written off to the research program of the company; (b) the issuance by the company of obligations in the sum of $2,843,174 in such form and upon such terms and conditions as the governor in council may approve; (c) the write-off in the accounts of the company in the sum of $1,405,845, representing the increase from 26 per cent to 35 per cent in the percentage of the cost of construction of the new reactor (NRU) from inception to March 31, 1954, chargeable to the research program of the company, and other minor adjustments; and (d) the cancellation of the capital stock of the company in the amount of $1,405,845; and (2) the necessary entries and adjustments in the accounts of Canada in connection with the matters mentioned in paragraph (1), $1.

Mr. Green: This item is very hard to understand, at least for the layman.

Mr. Harris: I hope I am not making it harder for the hon. member.

Mr. Green: Can the minister give us a brief explanation?

Mr. Harris: This item refers to the houses at this establishment. The cost of the housing was shown as a charge on the research items in bygone years. A decision was made to alter that by having the cost of the houses repayable by Atomic Energy, by that company issuing debentures to the government of Canada at 3½ per cent for 30 years, so that the rentals and accruals from the housing and so on would go to the retirement of this debt. In order to do that a sum had to be agreed upon as to the value of those buildings, and I think that is the sum of $2 million odd I read a moment ago.

In order to do that we had to create an item of $2,100,000 odd, because we had already written the item down to $1 in the books of the government. Therefore in fact what we are doing is creating a liability of Atomic Energy to the government, this amount to be retired over a number of years by way of repayment on the debentures. In fact that is all this is. It is purely a bookkeeping entry to place in a different category, the houses at this establishment and to pay for them over the years.

Mr. Macdonnell: The minister says this is merely a bookkeeping entry. But is there not to be some element of reality? Do I understand that the government has really recreated on paper an asset of $2,843,000, with obligations to repay this amount assumed by the atomic energy organization, and that it is hoped that moneys will be earned in that amount and paid by that organization?

Mr. Harris: That is right.

Mr. Macdonnell: The minister has already explained that the organization is divided into two parts, part public enterprise and part private enterprise. Were those the two percentages he gave us?

Mr. Harris: No, not with respect to the houses.

Mr. Macdonnell: Where is the money to pay the obligations to come from?

Mr. Harris: It will come from the rentals paid by the occupants to Atomic Energy. It will be collected by Atomic Energy from the tenants and, as a charge on Atomic Energy, paid to the government finally on the debenture issue.

Mr. Macdonnell: So it will be real money originating from third parties that will eventually come into the public treasury?

Mr. Harris: Quite so.

Mrs. Fairclough: Those moneys will then eventually succeed in writing off the debenture debt?

Mr. Harris: Yes.

Item agreed to.

PUBLIC PRINTING AND STATIONERY

598. Printing and binding the annual statutes—further amount required, $6,500.

Mr. Lennard: In connection with this item, we know that the statutes are printed in both French and English, and rightly so. I believe the regulations are to the effect that members of parliament are entitled to complete sets of the statutes in both English and French. I feel that this is wrong. I feel that in future if members of parliament were entitled to one set of their choice, in either English or French, it would mean a great saving in this department.

Item agreed to.

599. Canada Gazette—further amount required, $55,000.

Mr. MacLean: I notice that this is an additional item of $55,000. Last year the estimate was $105,000. The item for the current year is $110,000. It would seem to me that there has been either an unforeseen expenditure of a large amount or else the estimating is badly out of line.

Mr. Harris: The note I have here is that there were a great many more publications of the *Gazette* last year with respect to certain statutory orders, and that is why the bill ran up, and why it is not expected to be up this year.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Architectural branch—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

601. Ottawa, $1,732,666.

Mr. Green: May we have an explanation of this item?

Mr. Harris: Yes. There are two items in the Ottawa area. There is an item of $156,000 with respect to a property at the corner of Bay and Wellington streets. There is an item of $1,576,666 with respect to payment for the former seminary building at Hurdmans Bridge. This latter item includes an

amount of $757,000 with respect to certain federal district commission payments for grading and the like.

Mr. MacLean: Mr. Chairman, in connection with the seminary building at Hurdmans Bridge, there is an additional amount of $1,576,666, as the minister has just told us. Will the minister please tell the committee the total cost of this building, and also how it came about that this commitment during the fiscal year could not have been predicted a year ago? Perhaps the extra money has already been spent. If that is so, why is it necessary to spend it at this point instead of including the large item in the estimates for the next fiscal year?

Mr. Harris: We had rented the building for the purposes of the Royal Canadian Mounted Police, and after we had entered into a lease the owners of the building decided to sell, a decision they had not made before. We took advantage of the offer at a time when we thought we had a good price that could be justified, having in mind the rent that we had already agreed to pay. The reason we could not foresee it was that when we rented the building we did not know we would have the chance to buy it.

Mr. MacLean: Does this represent the total cost of the building?

Mr. Harris: No, there will be a further item in the coming year.

Mr. MacLean: In the regular estimates?

Mr. Harris: Yes.

Mr. Hees: Does the R.C.M.P. require all this building? It seems to be a very large building.

Mr. Harris: I would be glad to take my hon. friend to the quarters formerly occupied by the R.C.M.P. and I am sure he would see that they were wholly inadequate.

Mr. MacLean: I cannot find an item in the estimates for 1955-56 covering this building.

Mr. Harris: I will have a look as soon as we adjourn.

Mr. Macdonnell: What was the rental, the assessed value and the cost of this building?

Mr. Harris: The rental was $370,000.

Mr. Green: A year?

Mr. Harris: Yes.

Mr. Churchill: The details on page 22 read:

Acquisition of former seminary building—further amount required to complete payment.

That does not seem to fit in with the minister's explanation. I understood him to say that there would be an item in the estimates for the coming fiscal year. Can the minister give us the total amount that will be paid for this building?

Mr. Harris: Perhaps I have misread the item I have before me. The building was rented in June, 1952, at an annual rental of $370,000 for a term of five years, with the option of renewal.

Mr. Green: A rental of $370,000 a year?

Mr. Harris: Yes. That is all the information I have. If I have misled the committee I am sorry. I was under the impression that this was not the final payment but I shall have a look at it when we adjourn and let my hon. friends know. I should say that I am hoping to complete these items by ten o'clock.

Mr. MacLean: Can the minister indicate what is the total purchase price?

Mr. Harris: As I say, I will let you know.

Mr. Churchill: Could we not make better headway if the minister of the department were here?

Mr. Harris: I do not think so.

Mrs. Fairclough: What is the floor space of the building?

Mr. Harris: I have not that before me.

Mr. Green: What is the assessed value of this building?

Mr. Harris: That is not here. As I say, I will get that for you.

Mr. Green: I suggest that this item should be allowed to stand until we get further information. The minister has not told us the total purchase price, yet apparently the annual rental was $370,000 for a period of five years. We must have a lot more information about this item before it is approved, and I suggest that the minister allow the item to stand.

Mr. Harris: We will let it stand for 25 minutes.

Mr. Lennard: Let it stand, period.

Mr. Brooks: Did the rental include heat, light and all the other requirements? It seems to be a tremendous amount.

Mr. Macdonnell: When the minister is getting the other information there is one thing I would like to have. This figure of $370,000 is a little staggering. Was the building rented before, and if so, what was the previous rental?

Mr. Harris: We were the first tenants.

Mr. Macdonnell: There must have been some way of arriving at this $370,000, which

does seem to be a formidable figure. I suggest that we be given some information upon which that figure was based.

Mr. Harris: As I say, I hope you will have it by ten o'clock.

Mr. Hees: Will the minister advise when the building was built, its floor space and the number of floors? Will that information be forthcoming.

Mr. Harris: I hope so.

Mr. Brooks: Does that include garage accommodation as well?

Mr. Harris: Maybe an underground shelter.

Item stands.

Architectural branch—
Acquisition, construction and improvements of public buildings—

602. Saskatchewan, $350,000.

Mr. Ellis: Would the minister explain this item?

Mr. Harris: The amount in the original estimates was $1,050,000. Then there is an additional $700,000 item, and the further amount required is $200,000. I beg your pardon, the original estimate was $1,050,000, of which $700,000 was provided in the main estimates. Then there was a deferred vote of $150,000, leaving a balance of $200,000 which is being provided by this vote.

Item agreed to.

Engineering branch—
Acquisition, construction and improvements of harbour and river works—
Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amount required—

603. Newfoundland ($113,900, less the amount of $113,899 available from savings in other listed projects detailed in previous estimates for 1954-55 for this province), $1.

Mr. Herridge: I notice there is an item of $36,200 for a retaining wall at St. Lawrence, the province of Newfoundland to pay one-half the cost. What was the purpose of that retaining wall?

Mr. Knowles: Probably just "small wood".

Mr. Harris: This is a retaining wall 800 feet long required to maintain material dredged from the harbour.

Mr. Herridge: I just want to comment that when it comes to building a retaining wall in Newfoundland it is considered the joint responsibility of the federal and provincial governments, but when they want to build on the Columbia we are told it is the responsibility of the provincial government only.

Item agreed to.

DEPARTMENT OF TRANSPORT

Canal services—

607. Operation and maintenance—further amount required, $30,000.

Mr. Green: According to the details on page 23 this $30,000 is required for professional and special services. Can the minister tell us how this amount is made up?

Mr. Harris: This is for the construction of a model of the Gut dam in the St. Lawrence river. We have an explanation of the nature of the model, but I think it must be obvious that the model was constructed so that one could study the problems which arose from blowing up the Gut dam.

Mr. Green: Is this a model of the Gut dam or of the river after the Gut dam was blown up? I understand that the Gut dam was removed.

Mr. Harris: Yes, but we have had two things to consider there. The first was the original claim of the shore owners for damages caused by the construction of Gut dam; and then, as you may recall, the Gut dam was removed. We also have difficulty now in that some others think perhaps they have been damaged accordingly.

Mr. Macdonnell: Is the model being made to help meet the claim for damages. What is the idea behind it? Why should there be any claims for damages in a case of that kind?

Mr. Harris: We are hoping there are not but this is to find the results of the water flow with the Gut dam gone. We had certain statistics before, but this is to provide information as to the present circumstances.

Item agreed to.

Marine services—

608. Nautical services—administration, operation and maintenance, including grants and contributions for the purposes indicated in the details of the estimates; rewards for saving life from vessels in distress; subsidies to salvage companies, and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 306 of the Canada Shipping Act—further amount required, $57,000.

Mr. Macdonnell: Part of this vote is for subsidies to salvage companies. Could the minister tell us which companies are getting the subsidies and what amounts they were paid under the main estimates in addition to the present amounts?

Mr. Harris: To Foundation Maritime Limited in Montreal an amount of $40,000, to be paid August 31, and $35,000 to be paid

December 1; Pacific Salvage Limited, North Vancouver, payable $75,000 per annum, quarterly on the 2nd of January, April, July and October.

Item agreed to.

River St. Lawrence ship channel service—

611. Contract dredging—further amount required, $1,529,361.

Mr. MacLean: I notice this is a large item over $1,500,000, and that the estimate for this fiscal year was $2,500,000, making a total of over $4 million, roughly. The estimate for the next fiscal year is only $2 million. Would the minister give a word of explanation as to what the expenditure was for this year?

Mr. Harris: Yes. The reason, of course, is that we were able to do more dredging last year than had been expected because of good weather conditions, and the total cost is made up of several contracts. There are in fact eight contracts for various yardages. I think this is most fortunate in that we were able to do this work last year rather than having to do it this coming year. Of course there may be other items that will have to be met this year, but if not, at least we have this work behind us.

Item agreed to.

Railway and steamship services—

612. Construction or acquisition of auto-ferry vessels, as detailed in the estimates—further amount required, $1,300,000.

Mr. MacLean: Could the minister give an indication as to when the ferry service between North Sydney and Port aux Basques will be improved.

Mr. Harris: No, I am afraid I cannot. Perhaps some other members of the house who are more familiar with the progress in the construction of the ferry could say something about it. All I can say is that we certainly hope it will be completed as early as possible because of the service it will give between North Sydney and Port aux Basques.

Item agreed to.

613. Canadian National (West Indies) Steamships, Limited, deficit, 1954—additional amount in excess of the sum of $581,000 already appropriated to provide for the payment to the Canadian National (West Indies) Steamships, Limited (hereinafter called "the company") of the deficit for the year ending December 31, 1954, in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company to the Minister of Finance and approved by the Minister of Transport—further amount required, $47,410.

Mr. Trainor: Could the minister give an explanation or a breakdown as to just how this considerable deficit on the Canadian National (West Indies) Steamships, Limited, has been brought about?

Mr. Lennard: Mr. Chairman, as far as Canadian National Steamships are concerned I think they have done very well. As a matter of fact I believe that last year the minister said on the main estimates that if there were not some improvement they might have to discontinue this service, and I might say that the balance sheet for the year shows they have done very well under the circumstances, with the cut-rate competition with which they have had to deal. I know something of their operations because I have had the privilege of travelling on their ships on two different occasions. As a matter of fact that is about all that is left of the Canadian merchant marine. I am pleased to find they had such an excellent year and have cut down the deficit to a great extent. I feel if they have another year like 1954 they will be in the black. I think this line should be encouraged and they deserve a lot of credit for the job they did last year.

Mr. Nowlan: I would like to support the statement which was just made by my deskmate. The report of the steamship line shows that the revenue of the company increased by 13·2 per cent during the past fiscal year and expenses went up by only 1·7 per cent. In this day of rising costs I believe that indicates extremely efficient management and is a very creditable showing.

I well remember that last year when this item was up the Minister of Transport threw rather a cold chill over some of us when he suggested that if the losses should continue to be as high as they were then he would have to give serious consideration to a withdrawal of the service entirely. At that time, a year ago, the operating loss was over $820,000. This year the operating loss is down to $319,000, which represents a saving of about half a million dollars. I certainly hope that never again will there be a necessity for any intimation—I won't say threat—or suggestion that this service should be abandoned or done away with.

I think it is a most important service for Canada as a whole, and particularly for the east. Last year I urged that we should be given more service and that more boats should be put on which would result in better earnings. To some extent my argument was justified, although perhaps by accident, in that the company this year was able to make 14 more trips than a year ago, according to the report. Of course, that was due in part to the fact that last year they were tied up in a strike but because of these additional trips and services the company

went some considerable distance in building up the revenue and were able to keep expenses on a substantially level basis.

I am not going to discuss the matter at greater length here, but I hope that when the general estimates for this department are considered the minister will be here and that he will give assurance to the house that the department will consider extending the service.

The company has five small non-refrigerated boats and only three refrigerated ships. These ships travel in tropical waters to the West Indies and we hope to South America, so you can realize the importance of refrigeration. If they can do so well with so little I think it reflects credit on the company, and I hope another year we will have an increase which will provide for an extension of their operations.

Mr. Bell: Mr. Chairman, I wonder if the minister could tell us if this is still on a one-year basis. When we questioned the Minister of Finance last year he was very careful to point out that the plans made last year were for one year only. In view of the fact that we have had a fairly successful year, I wonder if that changes the plans or if it is just going to be drawn up for another year?

Mr. Harris: I think the Minister of Transport would give an adequate answer to that.

Item agreed to.

614. Canadian National Railways deficit, 1954—amount required to provide for the payment during the fiscal year 1954-55, to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made by the national company to the Minister of Finance, and to be applied by the national company in payment of the system deficit (certified by the auditors of the national company) arising in the calendar year 1954, subject to recovery therefrom of accountable advances made to the national company from the consolidated revenue fund, $28,758,098.

Mr. Macdonnell: Is the minister really going to ask us to vote $28 million before we have the report of the committee on government-owned railways? The committee has not yet been set up, and it has not yet met the officials of the railway. Surely the usual practice is that when this vote comes on it comes before this committee with the approval of the committee on government-owned railways. It is true that it is near the end of the fiscal year, but we are not there yet.

Mr. Harris: I am sure I would not mind if my hon. friend wishes to discuss this in the committee, and we could allow this item to stand, though I would hope it would be the only one.

Nevertheless, I might point out that I think I have announced the motion to appoint this committee every day during the past week, and we have never reached it. I would hope that my hon. friend would co-operate with me in getting the committee set up; then the work could be done, I would think, on Monday, or Tuesday or Wednesday at the latest, because we shall have to pass this item on Wednesday or Thursday if there is to be royal assent. I beg hon. members' pardon. We would have to pass it on Tuesday in order to have it passed in the other place.

We must do either one of two things. Either we pass it tonight or we shall have to hasten the work of the committee in a manner that I do not think will be possible at all. But I do not accept too much responsibility. I shall give my hon. friend the assurance that if the item is passed tonight it will not in any way prevent a full discussion of the Canadian National Railways item in the committee when it meets.

Mr. Macdonnell: It seems to me extremely undesirable to pass an item of $28 million without going through the procedure which is now well established. If, by some chain of circumstances for which no one is responsible, we have reached the stage where the thing could not be carried through, that is another matter. But as the minister has indicated, if we proceed with dispatch on Monday the thing can be done. I would hope that he could find an extra day. I hope it will not go to Tuesday. I think he had better put pressure on the other place to give him an extra day.

Mr. Harris: I could not do that.

Mr. Macdonnell: To come back to the point, I suggest to the minister that it is highly undesirable to do this. Certainly as far as I am concerned—and I think I can speak for my colleagues—we will co-operate in the setting up of that committee on Monday. As a matter of fact I thought it was going to be done today, and it was a great disappointment to me that it has not been done. But that is another matter. I am putting it to the minister. He himself suggested a means whereby this can be done next week, and this seems to me a much more desirable course than passing this item now.

Mr. Harris: I would not want my hon. friend to misunderstand the situation. I am sure that if the committee is set up, by motion, by dinner time on Monday that would be the earliest we could hope for such action, and the committee could only meet on Tuesday. I do not suppose he would want to pass all items of the Canadian National Railways in

one sitting or in one day. It would therefore appear that it would not be possible to deal with the item on Tuesday, the last day on which we could deal with it in order to have it dealt with in the other place by Thursday.

Mr. Macdonnell: I am greatly disappointed to find that the minister has not as much control over the other place as I thought he had. But leaving that matter aside, I suppose it is possible that the committee could reverse the order of its procedure and deal with a capital item—no, this is not a capital item. I admit that the matter is difficult. It will have to be done quickly, but I am still going to indulge the hope that the minister can get us the two days. I still feel very unwilling to have the item passed now without the safeguard which the House of Commons, in its wisdom, has provided for many years.

Mr. Harris: Mr. Chairman, I did my best to get these estimates down at the earliest possible moment. Indeed, I think they are being considered by the house a little earlier than they have usually been considered in the past. I have been trying to get the committee set up. I am not complaining about anyone.

Mr. Macdonnell: It is the railway committee that is really concerned.

Mr. Harris: All right. We have had it on the order paper for over two weeks. I have been wanting to get it done. These things have crept up on us. I would just suggest that, because of my uncertainty that we can do anything about the other place, we might pass the item tonight with the assurance I have given, namely that first of all we are obliged to pay the deficit anyway, and that this would not preclude my hon. friend from making the most searching examination next week in the committee or from having, I think, two if not three other opportunities to discuss this matter during the session. There will be the usual refunding vote; there will be the usual item in the main estimates, and so on.

Mr. Macdonnell: It seemed to me that the minister, by something he said a moment ago, implied the possibility of this thing working through according to the usual schedule. If I understood him correctly, he said that if he were not able to get it through the committee we might be forced into such and such a position. Is it not possible that there can be unanimous consent on Monday, if he finds himself in a real jam, to put this item through then?

Mr. Harris: If that is understood I have no objection to letting this item stand until Monday anyway, in order to see what the situation is at that time, subject to the warning I have given.

Mr. Green: As a matter of fact, Mr. Chairman, there is also this item dealing with the seminary building. We are not prepared to let that item pass without further explanation.

Mr. Harris: You are going to get it.

Mr. Green: We cannot do that tonight.

Mr. Harris: Yes, we can. I am ready to deal with it.

Mr. Green: All the items cannot go through by ten o'clock. We are going to have a further look at it, so there is no question of everything else being passed.

Mr. Harris: I have the explanation on the seminary building now and was prepared to give it when we completed the other items. I hope my hon. friend would not expect not to dispose of these items tonight. We are near the end. We have taken longer on these estimates than has been taken on supplementaries at any time in my memory.

Mr. Knowles: Oh, no.

Mr. Harris: Excuse me; I will say in recent memory.

Mr. Knowles: The minister's memory is short.

Mr. Harris: My memory is fairly long. There are not many items left. We can dispose of them in a few minutes. I can dispose of the seminary building, I hope, as soon as we complete the others. I am quite prepared to let this one item stand in the hope that we can put it through Monday and perhaps find on Tuesday that we can deal with it in the other committee.

Mr. Green: I am afraid we cannot let that seminary building item go through tonight.

Mr. Harris: You can hear what I have to say about it.

Mr. Green: We should be glad to hear the explanation; but even then we want time to look into the matter.

An hon. Member: Ten o'clock.

The Chairman: Do I understand that resolution 614 is to stand?

Mr. Harris: Stand.

Item stands.

Civil aviation division—

616. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates—further amount required, $60,000.

Mr. Dinsdale: Mr. Chairman, I believe the expenditure under this item is in the form

of subsidies to students taking out private licences. I believe it is an extremely important function because it provides a pool of partially trained pilots for Canada. Can the minister indicate whether that is the case with regard to this increased expenditure of $60,000?

Mr. Harris: Mr. Chairman, we are talking about item 617?

Mr. Dinsdale: Item 616.

Mr. Harris: I thought we had passed item 616. This is an additional grant to flying clubs, schools, instructors and student pilots, as my hon. friend knows. It indicates that the amount required has moved up from $270,000 provided for in the year previous to $330,000. I could give details as to the number of pilots who have completed their course and so on, but I think my hon. friend is fairly well informed on that point.

Mr. Dinsdale: No. I have not those details, but I shall be willing to wait for them until we discuss the general estimates.

An hon. Member: Ten o'clock.

Item agreed to.

General—

618. To provide for the expenses of an inquiry, authorized pursuant to part I of the Inquiries Act, into the application and effects of agreed charges authorized by the Board of Transport Commissioners for Canada under part IV of the Transport Act, $23,000.

Mr. Green: Is this the total cost of the commission on agreed charges, or has there been an earlier vote?

Mr. Harris: Yes. This is the full cost that we are voting now.

Item agreed to.

619. To provide for reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $11,335.

Mr. Knowles: May we have some details as to how much of this amount is for stores which have become obsolete, how much is for stores that have become unserviceable, how much is for stores that have become lost and how much for stores that have been destroyed?

Mr. Harris: Obsolete stores, $9,498; $1,837, inventory shortages.

Item agreed to.

Mr. Green: Mr. Chairman, we have finished the Department of Transport with the exception of the C.N.R. deficit item. I would suggest that we call it ten o'clock.

Some hon. Members: Ten o'clock.

On item 601.

Mr. Harris: Perhaps you might hear my explanation with regard to the seminary building.

Mr. Green: We should be glad to hear it.

Mr. Harris: You will be sure of it then, and we will not have it again.

I think I made it clear to hon. members that this was a new building which had just been constructed, and for that reason we were the first tenants. The rental, as I have said, was $370,000. The purchase price is $5 million. This is in fact the final payment, and I apologize to my hon. friend for having misled him. There is no assessment on it because we were in there as tenants and no assessment was made by the municipality. For the purposes of our Municipal Grants Act we do that ourselves. There is a net floor space of 229,500 square feet. I do not think there are any other questions.

Mrs. Fairclough: Will you say that again?

Mr. Harris: A net floor space of 229,500 square feet.

Mr. Green: What is the area of the land?

Mr. Harris: One hundred and thirteen acres.

Mr. Green: One hundred and thirteen acres?

Mr. Harris: Yes.

Mr. Green: We shall have to ask that the item stand, Mr. Chairman.

The Chairman: Shall this item carry?

Mr. Green: No, this item stands.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Before I turn to the other items of business on Monday, may I point out that it was my understanding that we would resume consideration of these estimates in such time that they might be disposed of in the other place before Thursday. That would mean I would have to have unanimous consent to go into supply on either Monday or Tuesday without a motion.

If that is the understanding we shall continue on that basis, unless we are unable to meet my hon. friend's wishes with respect to the sessional committee. I am not certain that the officials of the company can be here on Tuesday, but we shall do our best to arrange it that way.

On Monday then, subject to what I have said, we shall take the motion to set up the

sessional committee on railways and shipping; then the bill with respect to the War Veterans Allowance Act; then the bills standing in the name of the Minister of Northern Affairs and National Resources in the order in which they appear on the order paper, followed by the bill in the name of the Minister of Citizenship and Immigration with respect to the Library of Parliament Act; then the bill in my own name with respect to the Municipal Grants Act, and then the bill in the name of the Minister of Transport with respect to grade crossings.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF AGRICULTURE

Production service—

Health of animals—

552. To provide for payment of compensation to owners of animals or poultry affected with diseases coming under the Animal Contagious Diseases Act, which have died or have been slaughtered in circumstances not covered by the above act and regulations made thereunder, and to provide for payment to owners for loss of cattle during treatments for immunization against hemorrhagic septicaemia, all as detailed in the estimates, $7,725.

Marketing service—

553. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates—further amount required, $11,909.

Terminable services—

554. Freight assistance on western feed grains—further amount required, $2,000,000.

Special—

555. Amount required to recoup the agricultural products board account to cover the net operating loss of the agricultural products board as at March 31, 1955, resulting from the importation, in 1951, and the marketing of butter by the board, $278,494.

556. To provide assistance for the replacement of maple production equipment—further amount required, $100,000.

557. Prairie Farm Assistance Act administration—further amount required, $416,674.

558. Estimated amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1954-55, including authority to credit to the account the net revenue received into the agricultural products board account from the sale of New Zealand meat received in exchange for beef shipped to the United Kingdom, $3,210,928.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

559. Departmental administration—further amount required, $4,500.

Citizenship—

560. Citizenship registration branch — further amount required, $4,000.

Indian affairs branch—

561. To provide that the amount of advances outstanding at any one time with respect to loans to Indians under section 69 of the Indian Act, notwithstanding subsection (5) thereof, may total but not exceed $650,000, $1.

Welfare of Indians—

562. Operation and maintenance—further amount required, $600,000.

Education—

563. Administration, operation and maintenance—further amount required, $155,000.

CIVIL SERVICE COMMISSION

564. Salaries and contingencies of the commission—further amount required, $15,000.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

565. Passport office administration—further amount required, $23,000.

566. To provide for official hospitality—further amount required, $15,000.

567. Canadian representation at international conferences—further amount required, $75,000.

B—General—

568. To provide for the Canadian government's assessment for membership in international and commonwealth organizations, as detailed in the estimates, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1955—further amount required, $18,165.

569. To provide for the Canadian government's contribution towards the cost of the North Atlantic Treaty Organization permanent headquarters in an amount of 12,500,000 French francs, notwithstanding that payment may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1955, which is $35,100.

Terminable services—

570. To authorize payment out of vote 649, Appropriation Act, No. 4, 1954, of an amount not exceeding $925 to compensate civil servants for translation and interpretation services performed by them during the Colombo plan conference in Ottawa in 1954, notwithstanding section 16 of the Civil Service Act, $1.

571. To provide for a gift of food and drugs as a contribution to flood relief for India, Pakistan and Nepal, $225,000.

572. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, $500,000.

573. Contribution to the United Nations Korean reconstruction agency, $500,000.

574. To provide for a gift of fish as a contribution to hurricane relief for Haiti, $25,000.

575. To provide for the cost of Canada's participation as a member of the international commission for supervision and control in Indo-China, $220,000.

DEPARTMENT OF FINANCE

Administration of various acts and costs of special functions—

576. Expenses of the tariff board—further amount required, $2,000.

577. To provide for adjustment payments in respect of subsidies previously paid and administrative expenses incurred by the Minister of Finance on behalf of Her Majesty pursuant to the agreement entered into between Commodity Prices

Stabilization Corporation Ltd., and Her Majesty, on the 25th day of June, 1953, under the authority of order in council P.C. 1953—868, dated the 1st day of June, 1953; and to authorize the write-off of the outstanding balance of advances previously made to the said corporation, $65,277.

Payments to municipalities—

578. Grants to municipalities in lieu of taxes on federal property—To provide for payments to municipalities in accordance with the Municipal Grants Act, and the rural municipal grants regulations amended by order in council P.C. 1954—1621; and to provide for payments to municipalities under order in council P.C. 1954—1497, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein—further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property notwithstanding that formal transfer of administration has not been completed, $95,855.

Contingencies and miscellaneous—

579. To authorize the write-off to the consolidated deficit account of certain accounts, as detailed in the estimates, arising out of world war II and other transactions amounting in the aggregate to $1,010,111.38 which are uncollectable or for which no residual asset remains, $1.

General items of payroll costs including superannuation payments—

580. To provide for the government's contribution, as an employer, to the unemployment insurance fund in respect of government employees paid through the central pay office—further amount required, $10,000.

Special—

581. To provide for a contribution to the government of the province of Ontario for assistance in meeting costs resulting from floods, arising out of Hurricane Hazel, on October 15 and 16, 1954, and to authorize, notwithstanding section 35 of the Financial Administration Act, the making of payments under this vote up to May 31, 1955, $1,000,000.

Miscellaneous grants—

582. To provide for the purchase of Canadian wood to be contributed for the restoration of the Canadian room on the premises of the Royal Empire Society in London, originally provided by Canada and subsequently destroyed by enemy action during world war II (revote), $1,250.

DEPARTMENT OF FISHERIES

Special—

583. To provide for assistance in the construction of vessels of the dragger and/or long liner type, subject to such terms and conditions as may be approved by the governor in council—further amount required, $21,049.

584. Amount required to recoup the fisheries prices support account to cover the net operating loss on completed programs of the fisheries prices support board as at March 31, 1955, $744,382.

DEPARTMENT OF JUSTICE

A—Department—

585. Yukon Territory—administration of justice—further amount required, $12,000.

B—Penitentiaries—

586. Construction, improvements and new equipment, including provision for the establishment and construction of a new institution in the province of Quebec for the confinement and reformation of federal prisoners—further amount required, $200,000.

DEPARTMENT OF LABOUR

A—Department—

General administration—

587. Annuities Act — administration — further amount required, $26,000.

LEGISLATION

House of Commons—

588. General administration—estimates of the Clerk—further amount required, $58,000.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Mines branch—

589. To provide for payments to McGill University in connection with the development of a coal-fired gas turbine—further amount required, $50,000.

590. Payments to Royal Canadian Air Force and commercial companies for air photography, and to defray the expenses of and the purchase of equipment by the interdepartmental committee on air surveys—further amount required, $1,200,000.

B—Dominion coal board—

591. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $1,604,000.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

National health branch—

Health services—

Laboratory of hygiene—

592. Operation and maintenance—further amount required, $17,000.

General health grants—

593. To authorize and provide for general health grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates—further amount required including authority, notwithstanding section 30 of the Financial Administration Act, to make additional commitments for the current year not to exceed $1,000,000, $1.

Welfare branch—

National physical fitness act—

594. Assistance to provinces — further amount required, $3,443.

NATIONAL RESEARCH COUNCIL AND ATOMIC ENERGY

Atomic Energy of Canada Limited—

Research program—

595. Current operation and maintenance—further amount required, $155,000.

596. Construction or acquisition of buildings, works, land and new equipment and to authorize Central Mortgage and Housing Corporation to undertake construction of works at Deep River for Atomic Energy of Canada Limited—further amount required, $1,106,000.

597. To authorize (1) subject to the approval of the governor in council, amendments to the agreement dated the 22nd day of January, 1953, between Her Majesty the Queen in right of Canada and Atomic Energy of Canada Limited (hereinafter called "the company"), to provide for (a) the write-up in the accounts of the company in the sum of $2,843,174 representing the depreciated value as at March 31, 1954, of the housing accommodation at Deep River previously written off to the research program of the company; (b) the

issuance by the company of obligations in the sum of $2,843,174 in such form and upon such terms and conditions as the governor in council may approve; (c) the write-off in the accounts of the company in the sum of $1,405,845, representing the increase from 26 per cent to 35 per cent in the percentage of the cost of construction of the new reactor (NRU) from inception to March 31, 1954, chargeable to the research program of the company, and other minor adjustments; and (d) the cancellation of the capital stock of the company in the amount of $1,405,845; and (2) the necessary entries and adjustments in the accounts of Canada in connection with the matters mentioned in paragraph (1), $1.

DEPARTMENT OF PUBLIC PRINTING AND STATIONERY

598. Printing and binding the annual statutes—further amount required, $6,500.

599. *Canada Gazette*—further amount required, $55,000.

600. Distribution of official documents—further amount required, $2,500.

DEPARTMENT OF PUBLIC WORKS

Architectural branch—

Acquisition, construction and improvements of public buildings—

602. Saskatchewan, $350,000.

Engineering branch—

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amount required—

603. Newfoundland ($113,900, less the amount of $113,899 available from savings in other listed projects detailed in previous estimates for 1954-55 for this province), $1.

DEPARTMENT OF THE SECRETARY OF STATE

General—

604. Expenses pertaining to the visit to Canada of His Royal Highness the Duke of Edinburgh, $11,002.

605. Expenses pertaining to the visit to Canada of Their Royal Highnesses, the Duchess of Kent and Princess Alexandra, $3,801.

606. Expenses pertaining to the visit to Canada of Her Majesty Queen Elizabeth the Queen Mother, $6,596.

DEPARTMENT OF TRANSPORT

A—Department—

Canal services—

607. Operation and maintenance—further amount required, $30,000.

Marine services—

608. Nautical services—administration, operation and maintenance, including grants and contributions for the purposes indicated in the details of the estimates; rewards for saving life from vessels in distress; subsidies to salvage companies, and the payment of expenses, including excepted expenses, incurred in respect of Canadian distressed seamen as defined in section 306 of the Canada Shipping Act—further amount required, $57,000.

Pilotage service—

609. Administration, operation and maintenance—further amount required, $5,000.

610. Construction or acquisition of buildings, works, land and new equipment—further amount required, $2,500.

River St. Lawrence ship channel service—

611. Contract dredging—further amount required, $1,529,361.

Railway and steamship services—

612. Construction or acquisition of auto-ferry vessels, as detailed in the estimates—further amount required, $1,300,000.

613. Canadian National (West Indies) Steamships, Limited, deficit, 1954—additional amount in excess of the sum of $581,000 already appropriated to provide for the payment to the Canadian National (West Indies) Steamships, Limited (hereinafter called "the company") of the deficit for the year ending December 31, 1954, in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company to the Minister of Finance and approved by the Minister of Transport—further amount required, $47,410.

Air services—

Meteorological division—

615. Construction or acquisition of buildings, works, land and new equipment—further amount required, $45,000.

Civil aviation division—

616. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates—further amount required, $60,000.

617. Contributions, as detailed in the estimates, to other governments or international agencies for the operation and maintenance of airports, air navigation and airway facilities, including authority to pay the amounts specified in the currencies of the countries indicated, notwithstanding that the payments may exceed or fall short of the equivalent in Canadian dollars, estimated as of March, 1955—further amount required, $1,413.

General—

618. To provide for the expenses of an inquiry, authorized pursuant to part I of the Inquiries Act, into the application and effects of agreed charges authorized by the Board of Transport Commissioners for Canada under part IV of the Transport Act, $23,000.

619. To provide for reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $11,335.

B—General—

Canadian maritime commission—

620. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $6,066.

HOUSE OF COMMONS

Monday, March 28, 1955

The house met at 2.30 p.m.

HOUSE OF COMMONS

HON. MEMBER FOR TEMISCOUATA—
BIRTHDAY GREETINGS

Mr. W. G. Weir (Parliamentary Assistant to the Prime Minister): Mr. Speaker, there are occasions when little courtesies, particularly to those of our members who have been here a long time, are I think appropriate. On behalf of the house I should like to extend congratulations and good wishes to the hon. member for Temiscouata and many happy returns of the day.

Some hon. Members: Hear, hear.

Mr. Jean-François Pouliot (Temiscouata): I thank the government whip for his kind wishes and my colleagues for their generous applause.

TRADE

GATT—TABLING OF CERTAIN DOCUMENTS

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I wish to lay on the tables copies in English and in French of certain instruments which were opened for signature in Geneva at the conclusion of the GATT conference. These instruments, of which we now have received copies, embody revisions which it is proposed to make in the general agreement on tariffs and trade. They also include the text of the proposed agreement on the organization for trade co-operation which would provide GATT with a permanent and definite organization, and the declaration on the continued application of schedules to the general agreement on tariffs and trade.

I am also tabling another document, the final act of the ninth session of the contracting parties to GATT. This document which has been signed merely authenticates the texts of the other four documents. Hon. members will notice that copies in the French language of the documents I am now tabling are attached in each case to the copies in the English language and are therefore not being tabled separately.

[*Later:*]

SALE OF SURPLUS PRODUCTS BY UNITED STATES

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Minister of Trade and Commerce. Will he comment on the fact that the United States has launched the sale of a whole range of surplus agricultural products, consisting of wheat, oats, barley, flax and the like, on an open bid basis? I should like to ask the minister what effect this fire sale will have, in his estimation, on the market for Canadian farm products of a similar nature and kind, and whether it is not a fact that this action is in contravention of an agreement made by the United States government some time ago that it would not conduct a fire sale of surplus products?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The hon. member gave me notice of his question and I have read the press dispatch from James M. Minifie to which the question refers. I find nothing new in the dispatch. The United States has been making package offers of agricultural products to various countries in the world. They have made package offers of various commodities to the United Kingdom and to Germany. We have been happy to find that the countries receiving these offers are not inclined to upset their usual pattern of trade. We also know that the United States has called for bulk tenders on butter. The Canadian government enters a protest whenever it feels it is justified in doing so. It is difficult to protest a series of offers, but this government endeavours to look after the interests of Canada as well as possible. I think it is encouraging to find that, in spite of the offers of wheat made by the United States, Canada is selling more wheat than the United States has succeeded in disposing of by the various methods it has adopted.

[*Later:*]

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce arising out of his

answer to the hon. member for Prince Albert. If the sales policy of the United States in relation to agricultural products has not adversely affected the sale of Canadian wheat, why has the Canadian percentage of the world wheat market dropped substantially during this year?

Mr. Howe (Port Arthur): I did not say that the sales policy of the United States had not adversely affected Canada. I think it has, naturally. But my hon. friend speaks of the percentage of sales of Canadian wheat. I do not know to what figure he is referring. Is he referring to the international wheat agreement sales or total sales?

Mr. Argue: Canada's percentage of the total world wheat sales.

Mr. Howe (Port Arthur): I am not prepared to accept that statement without reviewing the figures. Our percentage of total sales has been reasonably good.

Mr. Diefenbaker: I should like to ask a supplementary question of the minister in relation to the answer he gave me. Is it not a fact that the United States is following a fire sale policy now in connection with some $2 billion of farm products, and will that have any detrimental effect upon Canadian marketing conditions?

Mr. Howe (Port Arthur): I am not familiar with fire sales, Mr. Speaker; I never attended one. It is a fact that the United States has an appropriation, I think of a billion dollars, for the purpose of assisting in the disposal of surplus products. I think there is no doubt that by their disposal policies they have displaced our products in certain markets. What we can do about it, I do not know. The policies of the United States are their policies and are not ours. We follow our own policies. As I say, we protest where we think a protest is warranted, and we have protested in connection with certain recent transactions.

[*Later:*]

OIL—INQUIRY AS TO ACTION ON UNITED STATES RESTRICTIONS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Minister of Trade and Commerce. In view of the statement made by the minister, and the fact that he read to this house a communication to the government of the United States concerning the restrictions on the movement of oil across the boundary between Canada and the United States, can he inform the house if there has been any formal reply from the government of the United States or any official of that government, and if so, what the answer is?

Right Hon. C. D. Howe (Minister of Trade and Commerce): A formal reply has been received, Mr. Speaker, and we are attempting to get the permission of the state department of the United States government to make that reply public. We have not as yet received such permission.

Mr. Fulton: Does that not fall into the same category as the Yalta papers?

LEAD AND ZINC—REPORTED INCREASE IN UNITED STATES TARIFFS

On the orders of the day:

Mr. George H. Hees (Broadview): Can the Minister of Trade and Commerce say whether the Canadian government has protested to the United States government against a possible restriction on the importation into the United States of Canadian zinc and lead, and if so what reply has been received?

Right Hon. C. D. Howe (Minister of Trade and Commerce): We have filed several protests over the last 12 months on the subject to which my hon. friend refers, Mr. Speaker, but whether any recent protest has been filed is a question that might properly be addressed to the Department of External Affairs.

Mr. Hees: I should like to direct a question to the Secretary of State for External Affairs, following upon the reply by the Minister of Trade and Commerce. Has the Department of External Affairs protested to the United States government on the possible restriction of the importation into the United States of Canadian zinc and lead?

Hon. L. B. Pearson (Secretary of State for External Affairs): I would have to look into that matter. It is almost as difficult for us to keep track of these protests as it is to keep track of the questions concerning them from hon. gentlemen opposite.

Mr. Hees: May I ask a supplementary question? Will the minister take the question as notice and give a reply tomorrow?

Mr. Pearson: Yes, Mr. Speaker.

WINNIPEG AND ST. BONIFACE HARBOUR COMMISSIONERS

CONSOLIDATION OF EXISTING STATUTES

Mr. Stanley Knowles (Winnipeg North Centre) moved the first reading of Bill No. 285, respecting the Winnipeg and St. Boniface harbour commissioners.

Motion agreed to and bill read the first time.

TERRITORIAL LANDS ACT

AMENDMENT PERMITTING SALE OF LAND BEFORE SURVEY

Hon. Jean Lesage (Minister of Northern Affairs and National Resources) moved the first reading of Bill No. 282 (from the Senate), to amend the Territorial Lands Act.

Motion agreed to and bill read the first time.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 283 (from the Senate), to incorporate Westspur Pipe Line Company.—Mr. McIlraith.

QUESTIONS

R. C. A. F. TRAINER CRASHES

Mr. Stewart (Winnipeg North):

1. How many Royal Canadian Air Force trainers have crashed since January 1, 1954?
2. How many of these were T-33 jets?
3. How many deaths have occurred as a result of such crashes?
4. How many of these (a) T-33 crashes; (b) other trainer crashes, were caused by (i) weather conditions; (ii) aircraft failures; (iii) human error?
5. How many crashes in each category occurred in each training station?

Mr. Campney:

1. 32.

2. 19.

3. 31 air force personnel.

4. Weather conditions are seldom a fundamental cause of aircraft accidents; human error is, in the last analysis, responsible for practically all aircraft accidents and may range from errors in design, construction or maintenance to errors in supervision and operation. In reality, often more than one factor is at work. In the T-33 crashes, weather was a factor in 1 case, aircraft failure in 4 cases and human error in 14 cases. In the remaining crashes, weather was a factor in 2 cases, aircraft failure in 1 case and human error in 10 cases.

5. It is not considered to be in the public interest to give such comparative information over so short a period. To do so might reflect unjustly on individual training stations. The irregular occurrence of aircraft accidents over a relatively short period of time must be closely related to the types of aircraft flown and the nature of training operations. The air force is, of course, alert to detect any signs of inefficiency at a particular unit.

The performance of aircraft now in general military use has advanced so far beyond those of the last war that when an accident occurs the consequences are generally more serious. It is worthy of note that the aircraft accident rate of the R.C.A.F. in recent years compares favourably with those of the R.A.F. and the U.S.A.F. For obvious reasons neither Canada, the United Kingdom nor the United States reveal these rates.

LOANS AND ADVANCES TO CORPORATIONS

Mr. Zaplitny:

1. Has the Department of Defence Production made loans, advances or investments with respect to the following corporations, from April 1, 1945 to March 31, 1954: (a) Canadian Pratt & Whitney Aircraft Company Ltd., Longueuil, Quebec; (b) John Inglis Company Ltd., Toronto, Ontario; (c) Light Alloys Ltd., Toronto, Ontario; (d) A. V. Roe Canada Ltd., Malton, Ontario; (e) Sorel Industries Ltd., Sorel, Quebec?
2. If so, what was the total amount of loans, advances or investments in each case for the said period?
3. What amounts have been repaid by the said corporations as at March 31, 1954?
4. What interest, if any, has the Canadian government received, in each case, from the said corporations on these loans, advances or investments?

Mr. Dickey:

1. The Department of Defence Production made no loans, advances or investments with respect to these corporations from April 1, 1945 to March 31, 1954, apart from certain prepayments on a monthly basis in respect of contracts for the construction or acquisition of crown-owned capital assets by the first four contractors named, and in respect of certain production contracts with the first named contractor.

2. Not applicable.

3. Not applicable.

4. Not applicable.

INCOME TAX—FINES

Mr. Fraser (Peterborough):

What was the total amount of money received in fines from the four thousand or more (a) individuals; (b) corporations, who were convicted of infractions of the Income Tax Act in 1954?

Mr. McCann: Although fines to a total amount of $463,704.72 were received by the taxation division in the fiscal year 1953-54 as a result of convictions for infractions of the Income Tax Act, no information is available respecting the segregation of such amount as between individuals and corporations.

CAMP CHILLIWACK, B.C.—GARBAGE TENDERS

Mr. Patterson:

1. How many tenders were submitted for the garbage hauling contract at Camp Chilliwack, British Columbia?
2. By whom were these tenders submitted?
3. What was the amount of each tender?

Mr. Dickey:

1. Two.

2 and 3. It has not been the policy of the Department of Defence Production to make

public information relating to other than the successful tenderer. The contract was awarded to the lower tenderer, Mr. Olley, of Chilliwack, B.C., for $490 per month.

TARIFF BOARD HEARINGS

Mr. Michener:

1. How many cases by the following classes have been heard and decided upon by the present tariff board since its appointment: (a) appeals by importers; (b) appeals by other interested parties; (c) references by the deputy minister of national revenue; (d) references by the Minister of Finance?

2. Of such cases in classes (a), (b) and (c), above, how many by each class (i) have been decided in favour of the importer; (ii) have been decided in favour of the interested party other than the importer?

3. Of the cases decided upon by the present tariff board (a) how many applications have been requested for leave to appeal to the exchequer court; (b) in how many instances has the exchequer court granted the applicant leave to appeal?

Mr. Benidickson: I have spoken to the hon. member for St. Paul's (Mr. Michener) and he has agreed that his wishes would be better met by redrafting this question and has suggested that it be dropped.

Mr. Speaker: Dropped.

LEVEL CROSSING, WOODSTOCK, ONT.

Mr. Nesbitt:

1. Have any accidents occurred since September 26, 1947, at the crossing where the main line of the Canadian National Railways from Montreal to Chicago crossed the Ontario provincial highway No. 2, approximately seven miles east of Woodstock? If so, how many?

2. Has the board of transport commissioners considered giving assistance from the railway crossing fund towards the construction of an underpass at this point?

3. If so, has the board yet reached a decision, and in what respect?

Mr. Langlois (Gaspe): The board has no record of any accidents at this crossing since September 26, 1947. This crossing is automatically protected with a wigwag and bells, and to date no application has been received by the board for construction of a grade separation at this crossing.

CENTRAL MORTGAGE AND HOUSING, ST. JAMES, MAN.

Mr. Churchill:

1. What areas adjacent to Stevenson airport, St. James, Manitoba, are affected by new zoning regulations of Central Mortgage and Housing Corporation?

2. What limitations on loans for housing development are imposed by the new regulations?

3. (a) How many houses have been constructed or are under construction in the areas affected by these regulations; (b) What arrangements are being made to prevent home owners from being penalized by these new regulations?

[Mr. Dickey.]

4. At what time and by what method was the St. James council informed of these regulations?

Mr. Bourget:

1. The restrictions apply to rectangular areas which extend 5,000 feet from the end of a runway and 1,000 feet on either side of a line that is a projection of the centre line of the runway. Furthermore, National Housing Act loans are not available within 1,000 feet from the side of a runway. At the Stevenson airport most of the restricted areas fall on undeveloped land or farm land. A portion of the restricted area at the south end of the north-south runway and a portion of the restricted area at the southeast end of the north-west southeast runway covers some developed areas of the municipality of St. James.

2. In the restricted areas mentioned above loans under the National Housing Act are not available.

3. (a) Financed under the N.H.A.: existing housing units, 333; housing units under construction, 37. (b) Since loans under the National Housing Act are only available for financing the construction of new housing units, existing housing units in the area are not affected, nor are housing units financed by other than the National Housing Act.

4. The restrictions on the availability of National Housing Act loans on housing units to be built adjacent to airports was announced on January 24 in the House of Commons. The manager of the Winnipeg branch office of C.M.H.C. attended a meeting of the municipality of St. James council on February 22, 1955, at which these restrictions were discussed.

NORTH SYDNEY-PORT AUX BASQUES FERRY

Mr. MacLean:

1. What is the number of automobiles capable of being carried by the new ferry to be put into service between North Sydney and Port aux Basques (a) when railway traffic is being carried; (b) when no railway traffic is being carried?

2. Are the automobile decks of this ferry capable of carrying large trailer-type trucks?

3. If not, what are the dimensions of the largest truck that can be carried on this ferry?

Mr. Langlois (Gaspe):

1. Railway traffic does not make any difference to the number of automobiles carried by the *William Carson* as the containers for railway freight are not transported on the car deck.

2 and 3. The automobile deck has a clearance of 6′ 11⅝″ and will accommodate 50 standard average size automobiles. The automobile deck will also carry 6 trucks of the non-trailer type, approximate dimensions 23′6″x8′ wide and two buses or tractor trailer trucks approximately 33′x8′.

FOREST INVENTORY, QUEBEC

Mr. Boisvert:

1. Does the federal government assist the government of Quebec financially in taking a forest inventory?
2. If so, how much has been spent by the federal government, to date?

Mr. Lesage:

1. No. The province of Quebec has not signed a federal-provincial agreement covering forest inventory, and for that reason does not receive federal financial assistance for this work.

2. Not applicable.

LEVEL CROSSINGS

Mr. Boisvert:

How many railway-highway level crossings are there in each province of Canada?

Mr. Langlois (Gaspe):

1. Railway-highway level crossings by provinces

Newfoundland	226
Prince Edward Island	266
Nova Scotia	989
New Brunswick	994
Quebec	2,902
Ontario	7,826
Manitoba	4,332
Saskatchewan	8,093
Alberta	4,466
British Columbia	1,295
Total	31,389

MASSEY RECOMMENDATIONS—GRANTS

Mr. Balcom:

1. What was the total sum paid each province in 1954 under the Massey grants recommendations?
2. What were the number of students attending universities in each province for the year 1954?

He said: Mr. Speaker, I would ask permission to have this question dropped.

Mr. Speaker: Question dropped.

BRITISH COMMONWEALTH AIR TRAINING PLAN

Mr. Knowles:

1. How many persons from countries other than Canada received training in Canada, during world war II, under the British commonwealth air training plan?
2. From what countries did such persons come, and how many in each case?
3. What was the total cost to Canada for the training of such persons, including transportation, maintenance or any other expenses paid by Canada?

Mr. Campney: This question was answered on March 9, 1953, and will be found at page 2730 of *Hansard* of that date.

WHITE BEAR INDIAN RESERVE

Mr. McCullough (Moose Mountain):

1. How many Indians were resident on White Bear reserve in 1889?
2. How many Indians are resident on that reserve at present?
3. What is the acreage of this reserve?
4. How much is suitable for cultivation?
5. Have the Indians on this reserve the ownership of the mineral rights?

Mr. Pickersgill:

1. Ninety-nine.

2. Four hundred and seventy-two.

3. 29,966.53 acres.

4. Approximately 15 per cent.

5. Title to the lands and mineral rights is held by the crown in right of Canada in trust for Indians.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL CIVIL SERVANTS

Mr. Pommer:

How many civil servants, permanent and temporary, were employed in each of the federal government departments, during each of the years from 1945 to 1954 inclusive?

Mr. Dickey: Return tabled.

POST OFFICE DEPARTMENT—LETTER CARRIERS

Mr. Hahn:

1. How many letter carriers were employed during each of the past five years?
2. During each of these years, how many (a) letter carrier uniforms; (b) summer weight tunics; (c) summer weight trousers; (d) winter weight trousers; (e) summer weight shirts; (f) winter weight shirts; (g) caps, were issued?
3. Who were the five chief suppliers of (a) summer weight trousers; (b) winter weight trousers, during each of the past five years?
4. What was the total cost of outfitting the carriers during each of the abovementioned years?
5. What was the total cost for summer weight trousers for each year?

MARGARINE AND EDIBLE OILS

Mr. Bryce:

1. Is a research being conducted by any agency of the government into the relative food value of butter as compared to margarine? If so, what has been the result of such research?
2. What quantity of edible oils was imported into Canada in each of the following years: 1951, 1952, 1953 and 1954?
3. What quantity of such imported edible oils was used in the production of margarine in each of the abovementioned years?
4. What was the quantity of margarine produced in Canada in each of the following years: 1951, 1952, 1953 and 1954?
5. What quantity of (a) margarine; (b) butter, was consumed in Canada in the years: 1951, 1952, 1953 and 1954?

Motion for Papers

FOOD EXPORTS, SATELLITE COUNTRIES

Mr. Fraser (Peterborough):

1. Has Canada sold and shipped any food or food products to any of the satellite countries in (a) 1952; (b) 1953; (c) 1954?
2. Have any of the satellite countries sold and shipped to Canada food or food products in (a) 1952; (b) 1953; (c) 1954?
3. If so, what inspection has been made by the Canadian authorities to see that these imports of food are pure and in a sanitary condition?

TRAINING IN CANADA, COLOMBO PLAN, ETC.

Mr. Knowles:

1. Since the end of world war II, how many persons from countries other than Canada have received training in Canada under the provisions of the Colombo plan, the United Nations technical assistance program, or any other plan designed to assist in the development of underdeveloped countries?
2. From what countries have such persons come, how many in each case, and how many in each year, since the end of world war II?
3. What is the total amount spent to date for the training of such persons, including transportation, maintenance or any other cost met by Canada?

MOTION FOR PAPERS

CURRIE REPORT—ACCOUNTING IRREGULARITIES

Mr. Fulton:

For a copy of the reports of the chief auditor of the Department of National Defence drawing attention to accounting irregularities in No. 11 works company R.C.E., referred to in appendix "B" of the Currie report.

Mr. Campney: As my hon. friend from Kamloops (Mr. Fulton) is, I am sure, well aware, reports made by the chief auditor of the Department of National Defence are confidential documents dealing with investigations into the internal administration of the department, and are a means of checking the efficacy of the administrative practices of the department. They are prepared solely for the guidance of senior officers of the department. It has long been the custom in this house, to regard such documents as privileged and I will therefore have to oppose this motion.

Mr. Fulton: Mr. Speaker, I wonder if the minister would not just admit the possibility that these come into an entirely different category. They were referred to in the appendix to Mr. Currie's report, as stated in the notice of motion, and also in the text of Mr. Currie's report. What is desired here is information of real concern to the house and to the country in order that we may establish just what steps were taken to meet the situation to which attention was drawn at that time. In the light of current developments, and by virtue of the fact that they were referred to in a document made public here, does the minister not agree they are no longer in the category which he has described?

[Mr. Bryce.]

Mr. Campney: Mr. Speaker, I do not think that anything the hon. member has said has changed the character of these documents. As a matter of fact, if I recall correctly, this issue was tested once or twice before in another place. The fact is that these are confidential documents of confidential officers prepared for the guidance of our officials. I think privilege attaches to them; otherwise there would be no particular advantage to be derived in having investigations of this type made within the department by departmental officials.

Mr. Fulton: They were seen by Mr. Currie and other officers of his company and surely the hon. members of this house should be as entitled to see them—

Mr. Speaker: Order. The hon member knows that this motion as he has put it is not debatable. I have allowed him to make comments upon the opposition indicated by the minister but beyond that I do not think it should be allowed.

Mr. Coldwell: May I ask the minister a supplementary question? Since these bills are for funds which are appropriated by this house, should it not be made public—

Mr. Speaker: Order. Whenever these questions come up it is always interesting to go into the subject matter of the motions. Hon. members must not forget it is they who choose this method of obtaining information. Standing order 51 says that when a member puts on the order paper a notice of motion indicated by an asterisk he intends to move it without debate. If a debate is desired it is up to any hon. member of this house to ask that these notices of motions be transferred to notices of motions. I have been lenient on this occasion because notices of motions cannot be reached. Later on, when we reach the period of oral questions and answers, if the hon. member for Rosetown-Biggar (Mr. Coldwell) wants to put a question on the orders of the day to the minister with respect to the subject matter, he might at that time deal with it, but at this moment I think we ought to see that the terms of standing order 51 are observed.

Is it the pleasure of the house to adopt this motion?

Those who are in favour of this motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those who are opposed to this motion will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

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

YEAS

Messrs:

Argue	Knight
Bell	Knowles
Blackmore	Leboe
Blair	Lennard
Brooks	Low
Bryce	Macdonnell
Bryson	McBain
Cameron (Nanaimo)	McCullough (Moose Mountain)
Campbell	McLeod
Cardiff	Mitchell (London)
Castleden	Montgomery
Charlton	Nesbitt
Churchill	Nicholson
Coldwell	Nickle
Diefenbaker	Nowlan
Drew	Patterson
Ellis	Pearkes
Fairclough, Mrs.	Quelch
Ferguson	Regier
Fulton	Robinson (Bruce)
Gagnon	Small
Green	Stewart (Winnipeg North)
Hahn	Thatcher
Hamilton (Notre Dame de Grace)	Thomas
Hansell	Trainor
Harkness	Tustin
Hees	White (Hastings-Frontenac)
Herridge	White (Middlesex East)
Hodgson	Winch
Holowach	Wylie
Howe (Wellington-Huron)	Yuill
Johnson (Kindersley)	Zaplitny—66.
Johnston (Bow River)	
Jones	

NAYS

Messrs:

Anderson	Gingras
Ashbourne	Goode
Batten	Gour (Russell)
Benidickson	Gregg
Bennett (Grey North)	Habel
Bertrand	Hanna
Boisvert	Hardie
Bourget	Harris
Brown (Essex West)	Harrison
Buchanan	Hellyer
Campney	Henderson
Cannon	Henry
Caron	Hosking
Carrick	Howe (Port Arthur)
Carter	Huffman
Cauchon	Jutras
Cavers	Kickham
Croll	Kirk (Antigonish-Guysborough)
Decore	Kirk (Shelburne-Yarmouth-Clare)
Deschatelets	Lafontaine
Deslieres	Langlois (Gaspe)
Dickey	Lapointe
Dumas	Leduc (Gatineau)
Dupuis	Lefrançois
Eyre	Legare
Fairey	Lesage
Follwell	Lusby
Fraser (St. John's East)	MacDougall
Gardiner	MacEachen
Garland	MacKenzie
Garson	MacNaught
Gauthier (Lake St. John)	McCann
Gauthier (Nickel Belt)	McCubbin
	McCulloch (Pictou)
	McIlraith
	McIvor
	McMillan
	McWilliam
	Mang
	Marler
	Matheson
	Michaud
	Mitchell (Sudbury)
	Pearson
	Philpott
	Pickersgill
	Pommer
	Pouliot
	Power (St. John's West)
	Proudfoot
	Purdy
	Richard (Ottawa East)
	Robichaud
	Robinson (Simcoe East)
	Rouleau
	St. Laurent
	Shipley, Mrs.
	Simmons
	Stick
	Stuart (Charlotte)
	Studer
	Thibault
	Tucker
	Valois
	Weaver
	Weir
	Weselak
	White (Waterloo South)
	Winters—102.

50433—155½

Mr. Speaker: I declare the motion lost. I had occasion to give my views to the house with respect to divisions that are being asked for on notices of motions which are opposed.

Mr. Gillis: Before you proceed with that matter, Mr. Speaker, may I announce that I was paired with the Minister of National Health and Welfare (Mr. Martin).

Mr. Speaker: It is precisely because I am convinced that hon. members should perhaps go over the theory behind this standing order with a view to changing their attitude with respect to these motions that I am going to quote from the debate which took place in the session of 1909-10 when standing order 51 was adopted as we have it today. At columns 8370 and 8371 of *Hansard* of April 29, 1910, there is the following:

Sir Wilfrid Laurier: . . . The object of this rule is obvious.

The rule as we have it today.

Almost every day we have notices of motions which go through unopposed, and these may be marked by the member with an asterisk, and the motion may pass without any discussion.

Mr. Sproule: I think this suggestion is a wise one and will result in economizing time.

Mr. Lancaster: What would happen supposing an hon. gentleman puts a notice of motion in the way indicated to show that he did not want to discuss it, while another hon. gentleman might want to discuss that very matter? I do not think any one hon. gentleman should have the right . . . to control the opinion of the whole house on that matter. I appreciate what the Prime Minister is trying to do and I am with him; but it seems to me we are going further here than we intend to go. We do not want to have half a dozen different notices of motion on the same subject on the order paper. When a notice of motion is on the order paper it seems to me that the consent of the house ought to be obtained if that motion is not to be discussed; else we would be in the incongruous position that, because some matter was of great importance and several hon. gentlemen thought it should be discussed, one of them would be able to say that it should not be discussed.

Sir Wilfrid Laurier: I doubt that, in point of fact, that this is very likely to arise. If any hon. member on the other side puts a motion on the order paper asking for the production of papers and desires that the motion should be

presented without discussion, I do not know that anybody on this side will object. The government may object, and, if they do, the motion is transferred to the notices to be debated.

Mr. Crocket: But suppose that a notice comes from the other side, and a discussion is desired on this side, it would seem that there is no provision for that. If the government have a right to transfer a motion to the orders by requiring discussion, there should be some provision by which members on this side should have the same right with regard to notices from the other side.

Sir Wilfrid Laurier: I think there is something in that. The difficulty could be obviated by providing not "if on such motion the government may desire debate", but "if on such motion debate is desired".

That does give the right to anyone in the house to ask that the motion be transferred to notices of motions.

Mr. Lancaster: That is my point.

Mr. U. Wilson: How would that affect it so far as the order paper is concerned? Would it go to the foot of the orders?

Sir Wilfrid Laurier: It would go to notices of motion.

Mr. U. Wilson: But if it went low on the order paper it might not be reached again.

Sir Wilfrid Laurier: It would take its place at the end of notices of motions of that day. The clerk will see to that.

Mr. U. Wilson: If there were many notices on the paper and it were put at the foot, it might never be reached again.

Sir Wilfrid Laurier: Possibly—it will take that chance.

Amendment agreed to.

This is how standing order 51 came about. In 1915 a notice of motion was opposed by Hon. Mr. Reid, who was then minister of customs, and as found at page 611 of *Hansard* of March 3 he said:

It has not been the custom of the department to bring down papers of this kind; they are always treated as confidential.

Sir Wilfrid Laurier was then in the opposition, and he rose and said:

If there is objection to the motion it should be transferred to notices of motion for discussion when it comes up again.

Mr. Reid: I have no objection to its being transferred, if necessary.

Motion transferred to notices of motion.

This is the way that standing order 51 was interpreted in those days, and that is the reason why earlier in the session I made certain appeals to hon. members. I did so because I think that we have got away from the practice intended in those days, which practice was followed almost consistently until about 1935, I believe.

CANADIAN NATIONAL RAILWAYS

TABLING OF BUDGET AND REPORT OF SECURITIES TRUST

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, on behalf of the Minister of Transport (Mr. Marler) I beg leave to table the capital budget of the Canadian National Railways and Canadian National (West Indies) Steamships Limited, for the calendar year 1955; also the annual report of the Canadian National Railways securities trust, for the year ended December 31, 1954, in English and in French.

TRANSPORT

REQUEST FOR RECONSIDERATION OF NEW WHARFAGE FEES

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): I should like to direct a question to the Minister of Transport. Will the minister reconsider giving effect to the new wharfage fees on automobiles and trucks which, according to P.C. 1683 of November 3, 1954, are to come into force on April 1?

Hon. George C. Marler (Minister of Transport): Various representations concerning wharfage charges have already been made to me by several members on this side of the house, so that I have had an opportunity to look into the matter. All the representations received are being considered in order to determine if changes should be made in the tariffs authorized by order in council P.C. 1954-1683.

Mr. Pearkes: Could the new wharfage fees be held in abeyance until the minister has an opportunity to make a final decision?

Mr. Marler: I hope that the consideration will not be too long and we shall be able to come to a conclusion very shortly.

FISHERIES

REPORTED DAMAGE ON NORTH SHORE OF LAKE ERIE

On the orders of the day:

Mr. James A. McBain (Elgin): I wish to direct a question, in the absence of the Minister of Fisheries, to his parliamentary assistant. Has the minister been made aware of the widespread damage the furious gales and storms did to the fishing industry on the north shore of lake Erie during the past week? If so, has he been asked for any assistance by the fishermen's associations or by the provincial government?

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): We had no notice of the hon. member's intention to ask the question, so we will have to take it as notice.

TRANS-CANADA HIGHWAY

ALBERTA—NEGOTIATIONS WITH INDIANS ON STONY RESERVE

On the orders of the day:

Mr. John Decore (Vegreville): I should like to direct a question to the Minister of Public Works. It is reported by the Canadian Press that, according to the Alberta provincial minister of highways, no further work will be done on the new route of the trans-Canada highway west of Calgary until a final agreement is made with the Indians of the Stony Indian reserve. Is the minister aware of this situation and would he care to make any comment?

Hon. Robert H. Winters (Minister of Public Works): Yes, Mr. Speaker, I am aware of the situation. The route tentatively chosen by the government of Alberta was through the Morley reserve of the Stony Indians. The minister responsible, the Hon. Mr. Taylor, spoke to me and we have had an exchange of correspondence. I have also discussed the matter with my colleague, the Minister of Citizenship and Immigration. There have been negotiations conducted between the band council and the provincial government, all with the knowledge and approval of the officials of the Department of Citizenship and Immigration. The last report I had from Mr. Taylor was to the effect that negotiations were proceeding satisfactorily. I have had nothing since that.

INQUIRY AS TO NEGOTIATIONS WITH QUEBEC

On the orders of the day:

Mr. C. W. Hodgson (Victoria, Ont.): Can the Minister of Public Works say whether any negotiations are under way at the moment with the province of Quebec concerning the trans-Canada highway?

Hon. Robert H. Winters (Minister of Public Works): I have received no representations from the province of Quebec.

Mr. Hodgson: May I ask a supplementary question? Has the minister undertaken any negotiations with the province of Quebec with a view to doing more on the trans-Canada highway?

Mr. Winters: I have had recent informal discussions with the premier of Quebec, but I do not know whether they could be termed negotiations.

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO SETTING UP OF ARTS COUNCIL

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Prime Minister. Has the Prime Minister reached a decision as to whether or not he will set up the arts council at this session of parliament?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker, no definite decision has been reached.

Mr. Hees: Could the Prime Minister indicate when he may reach a decision on the matter?

Mr. St. Laurent: No, Mr. Speaker; the best I could do would be to say that as soon as a decision has been reached it will be announced.

CANSO CAUSEWAY

OPENING CEREMONIES—INQUIRY AS TO ARRANGEMENTS

On the orders of the day:

Mr. A. J. MacEachen (Inverness-Richmond): Can the Minister of Transport tell the house whether a definite date has yet been selected for the official opening of the Canso causeway? If so, are any arrangements being made to mark this event with public ceremonies?

Hon. George C. Marler (Minister of Transport): I do not believe a definite date has yet been set, Mr. Speaker. A committee has been appointed to co-ordinate the activities of all those interested in the opening of the Canso causeway, and I hope it will be possible to make an announcement on the subject at an early date.

RAILWAYS AND SHIPPING

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

Hon. George C. Marler (Minister of Transport) moved:

That a sessional committee on railways and shipping owned, operated and controlled by the government, be appointed to consider the accounts and estimates and bills relating thereto of the Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines, saving always the powers of the committee of supply in relation to the voting of public moneys; and that the said committee be empowered to send for persons, papers, and records and to report from time to time and that, notwithstanding standing order 65 in relation to the limitation of the number of members, the said committee consist of Messrs: Bell, Carrick, Carter, Cavers, Churchill, Dumas, Fairey, Follwell, Fulton, Gillis, Hahn, Hamilton (Notre Dame de Grace), Hanna, Harrison, Healy, James, Johnston (Bow River), Knight, Langlois (Gaspe), Lavigne, Legare, Macdonnell, McCulloch (Pictou), Murphy (Westmorland), Pouliot, Weaver.

He said: Mr. Speaker, this motion seeks the appointment of a sessional committee on railways and shipping owned, operated and controlled by the government. As the house well

knows, it is the practice to refer to this committee for consideration the annual reports and budgets of the Canadian National Railways, Canadian National (West Indies) Steamships, Trans-Canada Air Lines, the reports of the auditors and certain items of the estimates. I think all hon. members are in agreement that this committee serves an extremely useful and valuable purpose. It affords to them the opportunity of reviewing in detail the operations of the railway, of the steamship company, and of Trans-Canada Air Lines, and of putting questions to the officers of these organizations concerning their respective operations.

In these circumstances, I believe I should not make any further remarks, but I should simply ask that the motion be adopted, so that the committee may proceed to carry out its duties.

Mr. J. M. Macdonnell (Greenwood): I shall try to copy the admirable example of the minister, Mr. Speaker, though I do not know that I shall get as high marks for brevity as he deserves. Needless to say the work of this committee is very important. I feel that this year it is more important than ever because of the stormy weather into which the railway business has run. After all, the assets of Canadian National total some $3 billion, and if we were able to have anything approximating an earning on that amount, it would be a matter of real significance in our economy.

If we go back to the year 1943, we find that the railway earned, that is in operating revenue, $116 million. After payment of taxes and interest there was still $35 million as against a deficit this year of $28 million. But with regard to that I shall have something to say later on.

Before doing so however I wish to digress for a moment to look at the background of this committee, because I think it is interesting, not only in itself, but also interesting as throwing some light on a question we have had up several times recently in this chamber, as to what information it is proper to give in the House of Commons, and what information cannot properly be given.

It so happens that in 1921, just after the railway had been set up, there was a debate—a very interesting one—in which remarks were made that I think are illuminating, and from which I should like to quote briefly today. They seem to me to go to the very point we have discussed here more than once.

First of all I wish to quote from an amendment moved by the then leader of the opposition, the Right Hon. Mackenzie King, with relation to the production of papers. It states:

> Subject to the reservation that in exceptional cases there may be documents of a confidential character which, in the public interest, may properly be withheld from publication, the house declares that it is the undoubted right of parliament to demand and receive copies of all reports, accounts, correspondence and papers in relation to the management of every department of the public service including the affairs of the Canadian National Railways, whether operating directly under the control of the department, or under corporate form.

Now, it is relevant to read a short extract from Mr. King's speech to show the background of the words used in his amendment. I should remind the house that this was moved very shortly after the Canadian National Railways had been set up. Hon. members will recall that this railway system resulted from the putting together of several railways which previously had been operating separately.

Mr. Mackenzie King permitted himself on that occasion to say this, as reported at page 1179 of *Hansard*:

> The impression that the public entertains today in a word is this: that the government has constituted a board of directors, nominees of its own, friends of its own, gentlemen who have connections with other large industrial enterprises, and has left them a perfectly free hand to use this vast railway system of Canada as a great instrument for furthering business interests in which the country may be interested, but in which they themselves may also be interested. In other words, the fact that parliament is denied a full and free knowledge of every fact surrounding the situation, is leading to the impression throughout the country that our national railways are being converted into a gigantic political machine for the purpose of furthering the interests of the government and its friends. Now, sir, there is only one cure for that impression, there is only one way in which the impression can be removed, and that is by the government giving to parliament the fullest information with respect to any questions which hon. members care to address to the ministry in regard to the national railways.

In reply to that Mr. Meighen, the then prime minister, had something to say. In an endeavour to look at both sides of the question he said, as reported at page 1182 of *Hansard* for March 22, 1921:

> I think it will be obvious that if the Canadian National directorate are to be compelled to answer to resolutions, which by the dozen may be put upon the order paper of this house every day, calling for copies of correspondence, for the disclosure of every fact and of every deed connected with the operation of the road, they will be put under a disability that their great competitor is not under at all. Should we do that they might well say: You shackle us in the management of the road; you refuse to give us that latitude and freedom of management that every successful business must have; you therefore will have to take the responsibility of failure—we do not.

Realizing that matter was not a simple one, Mr. Meighen went on to say:

> I am quite aware that there is to be said from the other standpoint much that is plausible and much that is more or less difficult to answer. I know that it is a fact that the board of directors of the Canadian National Railways are dealing

virtually with the funds of the people of Canada. I know that parliament, and parliament alone, is responsible to the people for the disposition of the moneys raised by taxation; consequently I know that there must be ample facility for the exercise of the control that goes with and is inseparable from responsibility. The difficulty has been to evolve a line up to which you can go in disclosing to parliament the affairs of the system and beyond which you cannot go if the system is to succeed. Just where that is to be it is very difficult indeed to say.

And then finally he said this—and this is the point of what I have just read, because it brings us to the committee:

It has occurred to me that if parliament set to work, say, through a committee of this house, to study this specific question in order to evolve some rule that could be followed, looking to the discharge of the obligations of parliament, it would likely result in something definite and concrete. That committee could bring before them those who have to do with the operation of the system, the officers of the road, the president of the road, and if they so desired, touching the subject committed to them they could bring as well officers of the competing road or of the other business enterprises of this country. Having done so, they would clearly see just what it would be impossible to do, and I think likely they would be able to evolve something that it would be possible to do and that would be amply sufficient to put parliament in possession of all the information that parliament would require to come to an intelligent decision on those issues that parliament alone can decide.

I have read those passages because it seems to me they are relevant and that they are very apposite, when we consider that these questions are coming up so often. I wish now to read briefly from the report of the committee made in 1924. I have not been able to get the reports for 1922 and 1923. It does not seem clear whether the committee met in those years. But in 1924 there are two things worth bringing to the attention of the house.

During that year there had been an investment made in a building in Paris, which had resulted in a great deal of criticism. In the report of the committee there is the following, as it is set out in the *Journals* of the house for 1924, at page 515. We find this:

Your committee is of the opinion that the acquisition or sale of property for railway purposes involving large sums of money ought not to be possible except by authority or order in council previously obtained.

I have read this, not because I undertake to say that it is a proper solution to the question at the moment, but because I felt that, in referring to the report of the committee, I should not ignore it.

The portion I wish particularly to read from this report is a statement by Sir Henry Thornton; and it is a statement which, so far as I can judge from meetings of the committee I have attended, Mr. Gordon who is now president of the road would endorse today. I shall read briefly from what Sir Henry had to say:

It is, in my judgment—

And, may I say, these remarks were made upon the completion of his examination by the committee.

It is, in my judgment, quite essential that there should be some vehicle of discussion and communication between the administration of the railway system and the representatives of the shareholders, who are the people of Canada, and those representatives are, of course, members of the dominion parliament.

And later on he said:

I should like very much to be in a position to discuss from time to time, not only this year but in subsequent years, if I am here, matters which affect the people of Canada, and their railway system, and discuss these matters with the accredited representatives of the people, who are necessarily members of the dominion parliament.

I have made this digression because it seems to me these observations are relevant and perhaps might be useful for our guidance today.

I now come back to the problem facing this committee. I am going to be brief, and confine my remarks to the Canadian National Railways, partly because it is so much larger than the others, and partly because that is where the real difficulties are occurring.

Mr. Thatcher: Would the hon. member speak a little louder. We do not hear him down here.

Mr. Macdonnell: I am flattered that the hon. member wants to hear me. Yes, I shall be pleased to do so.

As I said at the outset, this year the committee is faced with a situation of special difficulty, such as always arises when those in charge of the operations have to come to the committee and report a substantial deficit. As I have indicated already, this year there is a very substantial deficit. When we get to the committee we shall find that substantial reductions were made in operating expenses, but this is not the time nor place to go into those details.

I want also to point out that comparison with class 1 United States railways reveals that the decrease in gross revenue is less in percentage in Canada than in the United States. The United States class 1 railroads showed a decrease in earnings from $10,646,000,000 to $9,370,000,000, or 12·1 per cent. The Canadian National operating revenue fell by $56 million this year, from $696 million to $640 million, or approximately 8·5 per cent.

In other words, there is some encouragement to be taken from the fact that our drop

was less in percentage than it was in the United States. We can also take some comfort if we look back to 1931, which of course was a year of low economic activity. Here we find that the deficit of the Canadian National was nearly $61 million as against $28 million this year. One can take a little comfort from that, but not very much, because after all in 1931 times were very bad and no one needed to be a crystal gazer to know that the Canadian National did very badly.

But the thing that perplexes one at this time is that in a year of high economic activity the railway did so badly, and that perplexity is added to somewhat when we recall that it is only three years ago that we revamped the capital structure of the railway. At that time we hoped and the management hoped, although no one could guarantee it, that that was going to make it possible for them to have an operating surplus, or even more than an operating surplus, to earn their interest. That was the hope.

It is more than disappointing, it is serious, to find in a year of high economic activity this tremendous industry, which involves some $5,000 million or more—$3,000 million in the Canadian National system and $2,000 million in the Canadian Pacific—that it is sick. I take the word "sick" from a statement made by Mr. Fairweather, vice president of research and development, Canadian National Railways, to be found on page 14 of the Turgeon royal commission on agreed charges. Mr. Fairweather was being questioned as follows:

> Q. At this particular time, Mr. Fairweather, could you make some observation as to the condition of the railway industry, as to its health or otherwise?
>
> A. I think that anyone who gives any consideration to the railway industry in Canada could come to no other conclusion but that it is a sick industry. It is not a healthy industry. I think, too, that no one could give consideration to this problem without realizing that a sick railway industry is not good for the people of Canada. I think, too, that if you go further into the subject you will find that the sickness of the railway is not due to any fundamental defect of the railway as a functioning organization. It is a strange thing that, notwithstanding all this, railway net revenues keep sliding away, sliding away despite all the technological improvements that are put into effect. The problem of producing enough net revenue to meet the overhead costs of the railway is becoming increasingly more difficult. The fact that in a year where we have suffered only a slight decline in industrial output, the Canadian National Railways is forced, as it will likely be forced this year, to admit an income deficit running better than $20 million,—

Actually $28 million.

> —makes one pause and consider, especially when one considers that it is only recently the capital structure of the Canadian National was adjusted to a basis upon which it was supposed to earn its keep one year with another . . .

[Mr. Macdonnell.]

I should like to quote further from this report, still dealing with Mr. Fairweather's testimony:

> They ask to be relieved from certain handicaps in order to be able to engage freely in the pursuit of business in a large and growing competitive field. In so far as this can be done without injustice to others, I think appropriate action should be taken.

I remind hon. members that I am reading from the report of the Turgeon royal commission on agreed charges. This is not the time nor place to enter into a detailed discussion of railroad problems, but I think it is the time and place for us to remind ourselves of the truth of what Mr. Fairweather said, that a sick industry is not good for the people of Canada. The responsibility for creating conditions under which this vast industry, in which we are so deeply concerned as a nation, can work, is ours.

I do not think that I need take the time of the house to go much further into the matter except to mention one point which I have mentioned before and which I bring up again because I believe it is of some importance. The directorate of the railway is small, being made up of six gentlemen. I am perfectly sure that each one of those gentlemen is of high standing. I happen to know only one or two, but I know that they are. Nevertheless I suggest that it looks almost like a little family party on the directorate and that is not a sound thing.

I suggest that as in the case of the Canadian Pacific the directorate should be composed of a much larger number of men who are outstanding in the business community. I suggest this for two reasons. First of all I think the people of Canada, highly as they regard the president and officials of the railroad—those of us who met them in committee I am sure will agree—are entitled to have on this directorate the ablest men that can be found so that the outstanding ability of those men may be available to help in meeting the problems of the railroad which sometimes seem almost to pass the wit of man. As I look at the problems which confront the officials of the railway they have my intense sympathy. I feel that we should leave no stone unturned to give them every possible help we can.

There is another and perhaps more pedestrian reason, although it is still a practical reason which companies do not ignore when they are appointing directors. If you have on your directorate the heads of large businesses, not only do you get their experience and ability but you also get their capacity to attract business. The Canadian National Railways should not snap its fingers at that.

Therefore, I just recall again the words of Mr. Fairweather, and add that this parliament is faced through its ministry of transport and through the officials of this railway with a tremendous problem and it should receive as sympathetic and as close consideration as, and the best understanding that, this house can give it.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to make just one brief comment on the economic position of the Canadian National Railways. I can make this quite brief by putting on the record this quotation:

> The Canadian National, especially, has to maintain unprofitable branch line services in the public interest. It has to keep on increasing the quality of passenger services in response to public demands. Canada is well served by this transportation system and, all things considered, Canadians should not grudge the $2-a-head contribution indicated by the current financial statement.

That, Mr. Speaker, comes from a publication not noted for its sympathy with the Liberal party or the government now in power. It was found in the Toronto *Telegram* on March 23 of this year.

Another comment I should like to make with regard to the Canadian National Railways is that I hope the committee will give serious consideration to the employment situation on the railway. As the minister knows, this is something that has concerned a number of us for many months. We are deeply disturbed over the extent of the lay-offs and we hope that something can be done to put a stop to these lay-offs and start re-employing some of those who have lost their jobs.

I also hope that the committee will deal more effectively than it has in the past with the plight of retired Canadian National Railways employees, particularly those whose pensions are in the lower brackets. I invite the committee to study the figures which can be found on pages 1762 and 1763 of *Hansard* for Monday, March 7, in answer to certain questions of mine, which indicate the large number of retired C.N.R. employees who are on pensions of very low amounts.

I am not at all satisfied with the answer which the minister continues to make. It is the same answer that the previous minister made to those who asked that something be done about this matter. The answer seems to be that others are in the same tough spot due to contractual obligations so it is too bad for the C.N.R. employees and nothing can be done about them.

I do not accept that answer as valid nor do I accept it as final, that nothing can be done for these people. I hope that consideration will be given to their plight by the committee which is to be set up when this motion is passed.

As hon. members know, if it were not for something else which I wish to discuss, I would speak at greater length on the two matters I have just touched upon in passing; that is, the unemployment situation and the position of the retired employees of the C.N.R. I shall come back to these matters on another occasion.

The other matter to which I wish to address myself at this time is one which comes within the terms of this motion in that the motion refers to the committee the accounts, estimates and affairs of Trans-Canada Air Lines. In the report of Trans-Canada Air Lines for 1954 which was laid on the table of the house on March 14 there are references to two crashes which took place in 1954. One of my colleagues, the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher), may speak later in this debate about the crash which took place at Moose Jaw. I wish to say something about the crash which took place near Brampton, Ontario, on December 17, 1954. That was the crash involving a Super-Constellation which had returned that day from a flight to Tampa, Florida. As hon. members will recall, there was—

Mr. Speaker: I do not wish to limit the latitude which hon. members may wish to take on this motion but I am asking myself whether it is in order at this moment to discuss whatever one might want to put forward before the committee after it is set up. In some cases when these motions come up there is no debate with respect to the subject matter to which it refers and in some cases there is debate. We had an example of that not long ago when the Canadian Broadcasting Corporation committee was created, but I assume it was by general agreement that a debate on C.B.C. policies took place at that time. Unless there is a similar agreement on this occasion when an hon. member makes passing reference to the subject matter I can see no objection to it, but if anyone wishes to deal at great length with a certain subject which he would like to see debated before the committee, I submit he ought to wait until the committee is set up and submit it there.

Mr. Knowles: Mr. Speaker, on that point Your Honour knows standing order 38 does provide that a motion to set up a committee is debatable. It is also in order under standing order 38 to debate the reference to a committee of any report or return that has

been laid upon the table of the house. As I indicated, the report to which I made reference has been tabled in the house. It so happens I am not a member of the committee but the point I wish to make is that in my view even before this matter is referred to the committee there is something that the Minister of Transport (Mr. Marler) should do in relation to the crash to which I referred, and I point out again that that crash is covered in the report that is on the table of the house.

I do not ask any concession. I do not ask that I be allowed to deal with this matter on sufferance. I claim with respect that it is in order, just as much in order as it was on the motion regarding the radio committee for hon. members to discuss radio and television policy from A to Z. I feel I should be allowed to proceed with this matter and to make my appeal to the minister, before this motion passes, to set up a public board of inquiry with respect to the crash at Brampton.

Mr. Speaker: The hon. member has another opportunity of putting forward that request when the estimates of the Department of Transport will soon be studied. I think that is the time to direct that request to the minister. It is not the responsibility of any of the corporations whose annual balance sheets will be examined by the committee to set up that particular board referred to by the hon. member. It is the responsibility of the minister as Minister of Transport.

As I say, I do not wish to limit the latitude the hon. members may wish to have when we are setting up a committee. There may be general agreement with respect to setting up the committee but if hon. members on a motion to appoint and institute the committee are going to tell the house what they wish to see done by the committee, I think we are putting the cart before the horse.

I do not want to go any further because I do not know if there was some agreement prior to the moving of this motion that there would be some kind of general debate. That was the case with the C.B.C. committee, I think. As far as I can recollect, any time the motion to create the C.B.C. committee was moved there was always a debate on policy and a general debate on C.B.C. operations, but that was not the situation in relation to other committees.

I remember having to stop the hon. member for Kamloops (Mr. Fulton) on a motion concerning amendments to the elections act. I asked him to wait until the committee was set up and to put forward the suggestions before that committee and not to tell us the amendments he would like to see enacted by that committee before the committee was instituted.

That is the extent of the remarks I wish to make at this moment. I would like to leave it in the hands of hon. members and ask them to be reasonable so as not to extend too much the latitude which is allowed on these motions.

Mr. Thomas: On that point, Mr. Speaker, may I ask if concurrence will be asked when the report is brought in after the committee stops sitting? If so, that would give us an opportunity to fully debate the policy of the railway committee. If no concurrence is sought we will have no opportunity of debating it after the committee has finished its work. I suggest we should be allowed to debate it either now or after the committee has stopped.

Mr. Speaker: The hon. member, I believe, is thinking of a bill which is presented annually to appoint the auditors for the Canadian National Railways or the first item of the Department of Transport in the committee of supply. It is upon these occasions that policies are discussed as well as operations and various activities which come under the jurisdiction of the Minister of Transport.

As I said, I do not intend to insist upon the latitude being curtailed any more than hon. members would wish to see it curtailed at this point. I think I have done my duty in pointing out that when we are setting up a committee it does not mean we should debate all the things hon. members would like to see the committee deal with on the motion to appoint the committee.

Mr. Knowles: Mr. Speaker, I do not offer this as an argument or as a defence, but I think perhaps I might point out that I indicated to the leader of the house on Saturday afternoon—and there is one member in the house who was present on that occasion —that it was my intention to raise this matter on this motion this afternoon, and no objection was taken. Earlier I had thought perhaps I would do it as a grievance upon a supply motion, if one ever reached that stage. However, it seems to me that the very fact that the Minister of Transport (Mr. Marler) at this moment is moving that the affairs of Trans-Canada Air Lines be referred to a special committee gives me the right to ask him, before he asks that his motion pass, to take further action with respect to this matter to which I have drawn attention.

As I was about to point out, a few days after the crash last December the minister

himself announced that there would be a public inquiry. A report to that effect appeared in the *Globe and Mail* of Wednesday, December 22, 1954. That report indicates that the minister was quite definite that there would be a public inquiry. He pointed out that first of all there would be an inquiry by a technical board within the department, and he indicated that the results of the examinations by that technical board of inquiry would be turned over to the public board. According to Harvey Hickey, who wrote the dispatch, the minister said that no effort would be spared toward achieving this end, the end being the ascertaining of the relevant facts in relation to this crash.

As hon. members know, when the minister, on February 22, tabled the report of the technical board of inquiry and the other documents related thereto he said that although it had been his original intention to follow this inquiry by a technical board with a public hearing, he had changed his mind. He gave his reasons for that decision briefly when he said this, as reported at page 1375 of *Hansard*:

> Having regard to the exhaustive inquiry made by the board and the positive nature of its findings, I have come to the conclusion that no useful purpose would be served by setting up a public board of inquiry as I originally contemplated.

That means, Mr. Speaker, that there is no dispute over my statement that it was the original intention of the minister to have the two inquiries, one by technical people within the department and the other by a public board.

Hon. members will recall that, a day or two later, I asked in the house whether, in the light of certain comments made by the president of the Canadian air lines pilots' association, the minister would reconsider the matter and have a public board. His offhand answer was no, and nothing seems to have been done about the matter since that time. It is my contention, Mr. Speaker,—and that is the reason that I feel that I should have these few minutes in which to speak on this matter now—that the minister should go back to his original intention and set up a public board.

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

Mr. Knowles: Certainly.

Mr. Diefenbaker: I agree with him about having a public inquiry, but could not this matter be inquired into by this committee being set up, composed of members of parliament able to hear the evidence and thereby come to a conclusion?

Mr. Knowles: The committee could inquire into the matters that were raised a few minutes ago by the hon. member for Greenwood (Mr. Macdonnell) but it seemed to him appropriate to make those observations on this motion here in the house. It is my contention, Mr. Speaker, that this is a matter of such serious importance to one individual, namely the pilot concerned, and to the public that, bearing in mind the original intention of the minister, I should be permitted to make now on the floor of the house this public appeal to the minister to go through with what was his original intention. That is what I am doing now, Mr. Speaker.

Mr. Speaker: Order. I am trying to be just as generous as I can possibly be. I have been listening attentively to the hon. member's remarks but I must confess that, in my humble judgment, I do not see how the hon. member can be in order in asking the Minister of Transport to proceed via a board of inquiry on this motion. I do not want to argue with the hon. member indefinitely about procedure, but may I say this. We are setting up a committee to investigate the accounts and estimates and bills relating to the Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines. Because of the fact that T.C.A. accounts are mentioned in the motion the hon. member says, "I am going to ask the Minister of Transport to set up a board of inquiry to go into the matter of the crash at"—was it Moose Jaw?

Mr. Knowles: Brampton.

Mr. Speaker: In any event, with respect to some crash that took place and that he has mentioned, and the pilot who was involved. I cannot see it.

Mr. Knowles: Mr. Speaker, how is it that we had a two or three day debate on the motion to set up a committee on radio broadcasting? What is the meaning of standing order 38 which reads in part as follows:

> (1) The following motions are debatable:—
> Every motion . . .
> (j) for the appointment of a committee,
> (k) for reference to a committee of a report or any return laid on the table of the house . . .

If it is in order to debate the proposal to set up a committee—which means that one can argue for it or against it—surely in doing so it is in order to discuss matters that relate thereto, as well as matters covered in reports that have been laid on the table as indicated in that motion. In this case the T.C.A. report has been laid on the table and the report, at pages 6 and 13 thereof, makes reference to the crash that occurred

on December 17 near Brampton, Ontario. Just as there has been wide discussion of things that some members felt the government should do about radio, with those long appeals for a separate regulatory body and things like that which had not been mentioned in the motion but which some members felt were relevant to the question, I submit that in the same way it is relevant to the affairs of Trans-Canada Air Lines for me to say that, in my view, there has not yet been a proper and satisfactory inquiry into the crash that took place at Brampton last December and which is mentioned in the accounts and reports that are to be referred to the committee. I admit, as I said a moment ago, that I could have raised this matter as a grievance on a motion to go into supply. Your Honour is nodding your head. If the upshot of all this is that you compel me to cease going ahead with this matter, that is when I shall do it. But it seems to me that it is relevant to this question and that it might be better, in the long run, if I finished the speech now rather than having to start it all over again when we reach that other stage in our proceedings.

Mr. Speaker: Of course, the hon. member having gone so far, if one is to be practical I suppose we might as well allow the hon. member to conclude. But my difficulty is that if I allow the hon. member to take a sideroad as far as relevancy is concerned, then I must allow all hon. members to do likewise if they wish to do so. That is my problem. At this moment I am somewhat puzzled. I know that some agreements are made and discussions of a general character take place on motions of this kind. I have indicated one, namely the motion to set up the committee on the C.B.C. But I submit that, by agreement, hon. members should not change the rules that it is my duty to ask hon. members to observe. In discussing a motion to set up a committee for a certain purpose, I do not see how it could be relevant to ask the Minister of Transport, before he sees this motion passed, to create a board of inquiry to investigate a crash in a certain district. I do not see it, but I will let the hon. member carry on a little further and see whether my mind cannot be changed.

Mr. Knowles: Mr. Speaker, I have every respect for the statement you have just made that your mind cannot be changed, because I am equally convinced that this subject is relevant. However, in view of what you have said, I will make my remarks shorter than I had otherwise intended in the hope that, if not today certainly within the next few days, the minister will respond to my request and set up a public board of inquiry, thus making it unnecessary for me to raise the matter again. If the matter is not dealt with satisfactorily in the next little while, I may find it necessary to raise it again on the motion to go into supply.

The reason I am not satisfied with the report tabled by the minister which was made by the technical board of inquiry is that, although it puts the blame for the accident on the so-called or alleged negligence of the pilot, I feel that the board itself has been negligent in not including in its report all of the facts of the case. Some hon. members may have seen the statements I have made to the press regarding this matter and will be familiar with what is in my mind. Precisely because I have made statements to the press I do not need to spell it out quite so fully here.

The report suggests that there was really no element of fatigue that could lead to the alleged negligence of the pilot. In my view the report goes out of its way to make out that the pilot had not had too difficult a week previous to the time of the crash. I have in mind particularly the statement on page xv of the report which says:

> Approximately one week prior to the flight in question Captain Ramsay returned from leave. During the ensuing week he made one round trip to Bermuda and two round trips to Tampa, involving a total flying time for the three trips of 43 hours. He was off duty for two days, on Tuesday and on Thursday, the day prior to the flight in question. Captain Ramsay spent Thursday evening quietly.

Anyone who reads those few sentences will gain the impression that the captain of this trip had had not too hard a week. He had had, so the report seems to suggest, a week involving only three trips. Actually the words are "approximately one week" and the reference is to "three trips". The fact of the matter is that in a period of six days Captain Ramsay made four trips. The report suggests in the sentences I have just read that he had had two days off before the trip to Tampa which resulted in the crash on the way back. True, it does say that those two days were Tuesday and Thursday, but the way in which the report glosses over what had happened on Wednesday is, I suggest, a case of negligence, on the part of the authors of this report.

The fact of the matter is that this pilot had made a trip on Sunday from Montreal to Toronto, on to Bermuda and back to Toronto. On Monday he made a trip from Toronto to Florida and back to Toronto and Montreal. On Wednesday he made a trip from Montreal to Toronto, on to Florida and back to

Toronto and Montreal. On Friday he was making the same trip again when the crash occurred. I have gone into this matter very thoroughly both by studying the T.C.A. timetable which was in effect at the time and by making a thorough study of the transcript of evidence, which is over 550 pages, which was laid on the table of the house as sessional paper 187-A. I find that in that period of six days—

Mr. Speaker: I am sorry to interrupt the hon. member again but this time I am afraid it will be for good.

Mr. Knowles: Mr. Speaker, I am not going to ask to be on sufferance here. References are made to this crash in the report which was laid on the table of the house. With the greatest of respect, Mr. Speaker, I suggest that we not treat each other with formal courtesy. I ask you to rule whether I have the right to make this speech now or have not. If I do not have the right now, I shall make it as soon as there is an opportunity on the motion to go into supply.

Mr. Howe (Port Arthur): If I may intervene for a moment, it seems to me my hon. friend has said too much for his statements to be allowed to go without rebuttal. He has stated that fatigue entered into the situation. I am prepared to show that there was no fatigue, and I think my statement should go out along with the hon. member's. If there are going to be charges of improper operation made here, we had better thresh them out.

Mr. Knowles: On that basis perhaps I had better carry on. By reference to the documents, and I suppose the Minister of Trade and Commerce (Mr. Howe) has the same documents, it will be found, as I have just said, that in the six-day period from Sunday morning until Friday night this pilot made four round trips, one of them to Bermuda and the other three to Florida. It will be found that the scheduled flying time for these four trips, had he been able to keep to the schedule, was 43 hours and 20 minutes. It will also be found that his actual flying time up to the point of crash was 43 hours and 57 minutes, although at that point he had not yet got back to Montreal.

But what you will also find, and to me this is something the board has failed to take notice of, is that if you take the time this pilot was on duty it adds up to a duty time in these six days of 61 hours and 37 minutes, which was put in in four working days. Some hon. members may wonder just how one adds up that time. I did it in the way that the board itself suggests. I started his day one hour before take-off time on each of the four days and took the time from then until he brought the plane to the conclusion of the trip that night. I have these figures and can put them on the record if they are necessary. They add up to a total of 61 hours and 37 minutes.

Two of the flights, the Monday flight and the Wednesday flight, were delayed to such an extent that he did not get back to Montreal from the Monday flight until 4.30 a.m. Tuesday and from the Wednesday flight until 2.00 a.m. Thursday. Yet despite that he was off again on the flight on Friday. Taking the calendar day from midnight to midnight, there was actually no calendar day in that period of six days that this pilot was not flying. I suggest, not as an expert in aviation but just as an ordinary human being who knows what long hours are, that you cannot have a person on duty 61 hours and 37 minutes in four working days out of six, and not have the possibility of some element of fatigue.

I take it that the Minister of Trade and Commerce proposes to make some reference to the documents, as he said. It is true that on page xxvii of the report the board deals with the matter and says this:

> The board finds itself in agreement with the company in concluding that if the crew have had adequate rest on the day preceding, the flight is not a particularly arduous assignment with modern flight equipment.

Well, in this case the day preceding was Thursday and he did not get back from the Wednesday trip until two o'clock Thursday morning. That was on top of an arduous trip on the previous Monday, and that again on top of the trip that he had taken on Sunday. I suppose that by "official documents" the minister may also have in mind the report that was made to the technical board of inquiry by a special board of doctors which was convened to deal with the matter. The board consisted of six departmental doctors, every one of whom is listed as a consultant in one type of medicine or another. Some of the words are too long for me to try to pronounce, but at any rate they state as follows:

> Although it is recognized that Captain T. N. D. Ramsay had been on duty for approximately 12 hours, with approximately 9½ hours of intermittent flying and that he was possibly tired, there is no indication that he was over-tired or fatigued to the point that it would interfere with the safe performance of his duties.

If that is the evidence, so far as I am concerned, it is not satisfactory for six doctors to say that, although he was possibly tired, he was not over-tired when they, in that report, first of all say that he had been on duty for approximately 12 hours that day

when according to my figures it was something over 14 hours, and also when they fail to make any reference to the time he had been on duty during the five days immediately preceding the day that the crash took place.

I suggest, Mr. Speaker, to this board of doctors, to the members of the technical board of inquiry, to the Minister of Transport and to the Minister of Trade and Commerce, that they arrange to take a series of trips of that kind. Let them go without any responsibility on their minds. They could take along *Hansard* and read that if they wished. They should just sit on the plane and fly from Montreal to Bermuda and back on Sunday; Montreal to Florida and back on Monday and Wednesday and Friday, making sure of course that the flights are delayed so that they do not get home Monday night until 4.30 and Wednesday night until 2.00 a.m. I suggest that at the end of that period, without having any responsibility, they will admit that they are fatigued. What about the pilot, under such circumstances, bearing in mind his constant sense of responsibility? I submit that any ordinary layman would recognize there must have been some element of fatigue after a work cycle of that kind.

Now, as is obvious, I had a good deal ready to deal with in connection with this matter, but in view of the argument we had over procedure until the Minister of Trade and Commerce rescued me I have had to cut out a good deal of it. I want to point out also that in my view some of the questioning by this board was not the kind that I think should be accepted as the end of the story. For example, on page 209 of the transcript of evidence, after Captain Ramsay has been questioned for 71 pages on technical matters, I find that he is questioned in these terms:

Q. Do you consider that this accident was caused then by failure, say, of the human element?
A. I do not believe there was anything mechanical involved.
Q. You can give us no suggestion which might explain the failure of the human element?

Even before the man admits it, it is thrown back at him.

A. No, I cannot actually.
Q. Do you believe yourself that this was a failure of the human element?
A. Well, to the best of my knowledge there was no instrumentation failure or any mechanical failure of the aircraft. At the same time—

At this point the evidence is broken off with a dash which indicates that the questioner cut in on the witness with this:

Q. This is the only other alternative then, or do you visualize any other alternative that would explain this accident?
A. I cannot.

[Mr. Knowles.]

Q. Are there any circumstances at all that you are aware of which would increase the possibility of human element failure on this particular approach?
A. I don't just quite understand that, what you mean by that.
Q. Well, was there any stress that you were under in any way—you or any other member of your flight crew?
A. Not to my knowledge.
Q. The human element fails in general when it is overstressed. There is usually, I believe, some explanation why the human element fails. Did you feel on this approach that you were overloaded? Were you under stress during the approach?
A. No, I didn't. To the best of my knowledge it was, you might say, just another let-down.
Q. You had no apprehensions yourself?
A. Not knowingly.

Then, there is some reference to a written statement which the captain had prepared which was to be accepted to be included in the evidence. Similarly, Mr. Speaker, over on page 291 there is a series of questions which were put to Miss Deruchie, the stewardess, about the flight. As I read these questions they seem to me to be, like the questions I just quoted which were put to Captain Ramsay, what are called leading questions. Up to this point all the questions had been with regard to flight matters, technical matters, and then all of a sudden comes this form of questioning which is more or less an assertion to the witness that it must have been the human element if no equipment is found to be at fault. Listen to this questioning of the stewardess:

Q. Perhaps one final question. If it can be established that all equipment was functioning normally and that there was nothing wrong with any instrument or altimeter, the cause of the accident then immediately becomes personal, human error on the part of the flight crew. This being the case, in order to help your flight crew, anything that you can say that might explain why they failed would be of enormous value both to them and to this board of inquiry and to aviation in general.
A. I know of nothing unless the captain had an attack of something, the same as the first officer and myself had.
Q. Nothing whatever in his appearance during the whole of this day would lead you to feel he was unwell or tired or under any strain or worrying about anything?
A. Oh, no, he's always a very gay boy. We had our meal together in the coffee shop and he looked around the souvenir counters. No, nothing abnormal there.
The Chairman: Q. I have one question. Your statement that you felt it must have been instrument trouble, that is a deduction you have arrived at since the crash?
A. Well, having looked—all I can remember is being so surprised because, as I say, I thought we were at 2,000 feet, and I'm—

Here again there is the dash which means the witness is cut off.

Q. Would you answer my question? It's a deduction you have arrived at since the crash?
A. Oh, yes.
—(Witness withdrawn.)

I submit, Mr. Speaker, that that kind of questioning is not good enough, having in mind the fact that the results of an inquiry of this kind should be fair to the members of the crew and should be fair to the public in the sense that the facts of the case should be brought out if at all possible. That is my submission, Mr. Speaker. It is a great deal shorter than I had intended it to be for reasons that are now obvious to everyone.

Let this be crystal clear. My whole complaint is over the decision of the Minister of Transport not to hold a public inquiry, as was his original intention. I am not levelling any complaint against T.C.A. I have, as we all do, the highest praise for the tremendous safety record of this organization. Indeed I am proud of it as is the minister. I register no complaint against the pilots' association for any arrangement they may have made with Trans-Canada Air Lines. I am not attempting to set myself up as a judge of the technical factors involved in this huge document, though I have read it with a great deal of interest and I have learned a good deal in doing so.

However, it does seem to me that, as an ordinary human being, I have a right to comment on what 61 hours of duty in four days at work, during an elapsed period of six days, would do to anyone. In the light of that I call upon the Minister of Transport to go ahead with his original intention and have a public inquiry set up. I remind him I am not alone in this view. There are a number of newspapers in the country which have expressed this opinion editorially, but I shall not bother to quote from them. I have three such editorials on my desk, one from the *Globe and Mail* in Toronto and one from the Ottawa *Journal*. Lest he remind me that those papers do not support the government, even though that should not matter in a case of this kind, I shall tell him I have one from the Saskatoon *Star-Phoenix*, which does support the government very strongly. While I have not checked all the newspapers in the country to see whether or not there are others, I have no doubt there are many people in this country who share the view that I have put forward.

I have no doubt there will be discussions on side issues. But the central issue is that the Minister of Transport said initially that, in addition to the technical board of inquiry by officials within the department, there would be a public board of inquiry. In my view the failure of this report to bring out all the facts and to deal with them properly makes it imperative that the minister now go ahead with his original intention.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I am sure my hon. friend from Winnipeg North Centre (Mr. Knowles) will appreciate that to convey to the public of Canada the thought that Trans-Canada Air Lines send out pilots under situations which will make them subject to fatigue is very damaging to the air lines. I think the facts have not been brought out fairly, as deduced from the report, and I would like to amplify the remarks of the hon. member for Winnipeg North Centre as regards pilot fatigue.

I would point out first that the terms of service of an air lines pilot are governed by an agreement between T.C.A. and the air lines pilots' association. I have the document here, and it is in great detail. Roughly however it provides that no pilot in four-engine equipment shall fly more than 900 hours per year and that, so far as possible, no pilot in four-engine equipment shall fly more than 75 hours per month. And that, I think, is a tighter regulation than applies for any other air line in the world. I know that in the United States—

Mr. Winch: How much in 24 hours?

Mr. Howe (Port Arthur): That is not specified, for the simple reason that if a pilot is flying across the ocean he must get to the other side before his hours run out. And if the aircraft is delayed by head winds he cannot stop on the ocean. It is not practical therefore to set the limit of flying time in one day.

Mr. Winch: How much in 24 hours of actual flying? It does not take 24 hours to cross the Atlantic.

Mr. Howe (Port Arthur): Well, it could. I have been 22 hours coming back from the United Kingdom, as a result of a head-wind. However, it is not practical to place such limits, and there is no regulation which makes provision for the time of flying in 24 hours; although, by and large, it is not the practice to set up pilot cycles which call for much over eight hours of flying time per day. However, as I say, pilots flying between Montreal and London airport do fly longer cycles than that.

It is the business of T.C.A. pilots to fly aircraft. That is the way they earn their salaries. I often think that perhaps members of parliament do not realize that the air lines' pilots are the economic royalists of the labour movement. While they belong to the American Federation of Labour, I think there is no other branch of the federation that is paid nearly as well as the pilots. They all get considerably more money than members

of parliament, and I think the calibre of pilot fitness that is maintained justifies that high rate of pay.

One requirement, I know, is that these pilots shall keep in perfect physical condition. In other words, they are not people like my hon. friend and myself who, occasionally, take long rides in the rear seats of aircraft and then go right back to our work. I think we both have had the experience of getting in at four o'clock in the morning—I know I have—and being at my desk down on Wellington street at nine o'clock on the same morning. In other words, there is nothing unusual in people going on working when they are tired.

But I say that pilots are required to be in perfect physical condition and so required in order that they can stand long hours, when the nature of their service requires that those long hours on duty are necessary.

Now, let us look at the duty time this pilot actually put in. From November 19 to December 12 he did no work at all. He was off duty. In other words, he was on holidays, and on his regular days off. Then on December 12 he was on duty for 14 hours and two minutes, including ten hours and 27 minutes in the air and three hours and 35 minutes on the ground. This was followed by 16 hours and 17 minutes off duty. In other words he was at home for 16 hours and 17 minutes.

Then on December 13 he was on duty for 12 hours and 32 minutes, which included nine hours and 54 minutes in the air and two hours and 38 minutes on the ground. This was followed by 33 hours and 15 minutes off duty at home.

On December 15 the captain was on duty for 17 hours and 29 minutes, which included 13 hours and 19 minutes in the air, and four hours and ten minutes on the ground. This was followed by 27 hours and 30 minutes off duty at home.

On December 17 the captain was on duty a total of 13 hours and 30 minutes, including ten hours and 13 minutes in the air and three hours and 17 minutes on the ground. If the flight to Montreal had been completed successfully he would then have had eight days off duty at home.

That is the situation.

Mr. Knowles: Would the minister permit a question? Has he any details of his figures for the 13th? His figures for the other days are very close to my own. The 13th is the day the minister said he was on duty 12 hours and 32 minutes. My figures show 16 hours for that day. In any case, the minister's figures total 57 hours and 33 minutes for the four days. Is that correct?

[Mr. Howe (Port Arthur).]

Mr. Howe (Port Arthur): I have not added the duty time up; but I would point out that there are three men in the cockpit of a Constellation. There is the pilot, the co-pilot and the flight engineer. I would point out that, on long flights of that kind, the fatigue is not particularly serious. The automatic pilot is used a good deal, and one member of the crew of officers can go back and take a rest. There is a bunk provided in the cockpit for that purpose. He does not sit there continuously with the wheel in his hand guiding the aircraft. He sits there and makes his calculations; he makes his check points; and for a good deal of the time the automatic pilot is operating the aircraft.

This is true on long trips, but it is not true on short trips, generally speaking, where there are a number of landings and take-offs. The strain on a pilot is much greater then than it is on a flight from Montreal to Bermuda or from Toronto to Tampa. However, this is beside the point.

No one has suggested that the cycle this pilot was following was in any way irregular or that it was in violation of the agreement between T.C.A. and the pilots' association. And it is very interesting to note, in the evidence of the crew taken on oath, that no member of the crew suggested they were fatigued, or that fatigue had anything to do with the landing at Malton airport.

I may say there is no dispute as to what happened on the aircraft. Why the pilot did as he did, I suppose we will never know. He says he does not know. But in an accident where there was no loss of life, where the facts seem to be indisputable and where, as I say, medical evidence was taken from six eminent physicians who found no sign of pilot fatigue, I suggest that to hold a public inquiry is an exercise wholly uncalled for in the circumstances.

What does my hon. friend expect to prove by a public inquiry? Would he prove that there was something wrong with the aircraft? Would he prove that the pilot was not responsible for the procedure of landing? I think if he attempted to prove fatigue, expert evidence could be brought from every air line in the world to say that the cycle that was followed by this pilot was not one that would produce fatigue to the point where the pilot no longer would be able to carry out his duties efficiently.

Mr. Knowles: When the minister refers to a cycle such as this pilot had worked as not being fatiguing, may I ask if there is any provision for changing the cycle, changing the flights within the cycle, when there is a delayed trip? For example, according to the

schedule this pilot should have got back to Montreal at 11.10 p.m. on Monday but he did not get back until 4.30 a.m. on Tuesday. When that happens is it necesssary that the rest of the cycle be followed without interruption?

Mr. Howe (Port Arthur): If the pilot had complained that he was suffering from fatigue or had asked that the cycle be changed I dare say it would have been changed. The regulations provide that if a crew find they are fatigued it is quite permissible to set the aircraft down until the pilots have rested. Every provision has been made in the agreement to protect the pilots against fatigue. In other words there is nothing in the regulations, there is nothing intended in the regulations, and there is nothing intended in the operations program of the pilots which would make it possible that aircraft shall be endangered through fatigue of the crew. That is well understood in planning pilot cycles.

These cycles are worked out largely to meet the convenience of the pilots. The pilots like to spend their spare time at home. You ask why does not a pilot fly down to Tampa and spend the night there before coming back the next day. Generally the pilot would prefer to have his day off at home, and the cycles are worked out so the pilots may have a few consecutive days at home rather than work one day, and then have a day off, to be spent away from home.

A great deal of experience goes into the setting up of these cycles, and the pilots are consulted as to their convenience. If there had been any suggestion anywhere in the hearing that fatigue had played a part my hon. friend might have had some reason for bringing this matter before parliament, but he will not find in the inquiry where anyone, including the pilot or any other member of the crew, represented that pilot fatigue had any part to play in the situation.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I do not intend to relate my remarks to the Brampton crash but rather to the setting up of a committee to study the business of the Canadian National and its associated enterprises. We in this group will support the motion to set up a committee at this time.

In commencing his remarks the hon. member for Winnipeg North Centre drew attention to an editorial in the Toronto *Telegram* in which the statement was made that the people of Canada would be happy to make a $2 contribution to defraying the deficit of the Canadian National Railways. I suppose most people in Canada will be happy to do that if it can be proved that the railway has operated as efficiently as possible, but I have news for my hon. friend. I for one know of many charitable organizations to which I would donate in preference to the C.N.R., so he can count me out if it is found that the railway is not run as efficiently as I think it should be.

The matter of employment has been mentioned. I often wonder whether it is the purpose of an organization owned by the government to act as an agency to provide jobs for people who are out of work. I think the business of the Canadian National Railways should be the transporting of goods and passengers as efficiently as possible. The setting up of this committee will give us an opportunity to discover the efficiency or lack of efficiency as the case may be. It will give us an opportunity to discover why the largest government enterprise has a deficit. It is not an unknown fact that government enterprises frequently go into the red. The reason might be that they are government-owned. However, we might have to establish that fact later.

It will give us an opportunity to study the Canadian National and possibly the piggyback service which we read of so often today. It will also give us an opportunity to discuss truck transportation as affecting the Canadian National and other transportation systems. I hope it will give us once more an opportunity to discuss the sale of hotels, and more particularly the building of another hotel by the Canadian National. I have always felt, and I have said so frequently, that the business of a railway should be that of transportation rather than the providing of hotel accommodation for people.

We welcome this opportunity to study again the activities of Canadian National (West Indies) Steamships Limited. I am particularly interested in this because I have found that all passenger bookings have been taken up until some time in mid-November of this year. If that is true of this year it was possibly also true of last year. When this steamship line has been able to book all its passenger accommodation so late into the year I wonder why it should show a deficit.

It will also give us an opportunity to discuss, as the hon. member for Winnipeg North Centre has already discussed, the air crash at Brampton and also the one at Moose Jaw, that has been raised in this house on more than one occasion. Possibly certain revisions may follow our study of these crashes. The committee is the place where we can best decide what recommendations should be made as to changes. It may be that this committee will offer a good opportunity to discuss the need of civil airports. I have raised this matter frequently in the house, more particularly with respect to my own community.

However, I find there are other items of business on the order paper which this group would like to get out of the way so they can become law before the end of the month. That does not necessarily mean I am opposed to other hon. members going ahead to discuss matters which they have in mind, because they may consider them just as pertinent as the one we hope to deal with later. It might be that the government would make this other matter retroactive; I am referring to the war veterans allowances.

I do want to indicate once again that this group approves the setting up of a committee to discuss these questions.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, having listened to what the hon. member for Winnipeg North Centre had to say regarding this unfortunate accident at Brampton, Ontario, and the answer given by the Minister of Trade and Commerce, I personally believe that a public inquiry is necessary in order to clarify what is apparently a serious contradiction in the attitudes and views of my hon. friends. Certainly before the Minister of Trade and Commerce made his explanation I felt that an inquiry by the committee to be set up under this motion would have been sufficient. But the minister in the course of his explanation rather weakened his argument when he stated that the number of hours this pilot had been on duty were in reality and in effect nothing of any particular moment, for the minister himself had often gone to work when tired. Well, when the minister went to work four hours after his arrival in Ottawa he went to his office on Wellington street, and was not in a position where the lives of others were under his control.

The fact that the minister took that position is indicative of an official attitude that certainly deserves clarification in a public inquiry. Indeed, when the Minister of Transport (Mr. Marler) replies I think he should answer why he changed his expressed intention to set up a public inquiry and had instead a qualified private inquiry? What was the reason for the alteration in his general attitude? What events caused him to change his position, which was categorical and clear at the beginning? No one wants to do anything that will cause fear in the hearts of Canadians who travel on the T.C.A., which has an outstanding safety record. On the other hand, no one wants to make a scapegoat of this pilot if the evidence is not such that an independent inquiry would bear out the conclusions arrived at by the private inquiry.

[Mr. Hahn.]

I feel that the minister should give serious consideration to the setting up of an independent commission, if you will, to have this matter investigated in order that no one will have any doubt that justice has been done. As things are now the findings of the private investigatory group have been challenged. There is a feeling among many people in this country that grave unfairness has been done to the pilot. That being so, the minister has a duty to those who serve this country to assure that no injustice shall be permitted to go unchallenged. The findings of an independent commission supporting what has already been found by the investigatory body that was set up would be conclusive, and would remove from the hearts of people any doubt as to whether fairness and equity were achieved in this man's case.

Having said that, there are one or two other matters to which I shall refer. When this committee is set up I should like it to consider the whole question of the payment of pensions to retired employees of the Canadian National Railways. The present basic pension rate of $25 is paid in a considerable number of cases. The particulars of the numbers who receive this pension were requested by the hon. member for Winnipeg North Centre, and are recorded in *Hansard*. There is a feeling widely held that the present rates are unjustifiably low, and that the time has come for reconsideration of the claims for fairness presented by those who are retired on that basic pension.

Another problem which is of general interest is the matter of unemployment, the retirements and lay-offs on the Canadian National Railways. For several weeks in this house an endeavour has been made to ascertain the true situation. Various union representatives of Canadian National Railways employees across this country are wondering why it is that difficulty is met by those in this house who endeavour to ascertain the picture of lay-offs on the Canadian National Railways. Indeed, it is becoming extremely difficult to secure any information in the house regarding Canadian National Railways employees.

On the 28th of January I placed a question on the order paper asking how many section and maintenance men had been laid off since the 1st of January, 1955, and what further lay-offs, etc., were anticipated. That question should not have required weeks to answer, but the answer was finally brought down on February 21. My question read:

1. How many section and maintenance men of the Canadian National Railways have been laid off by (a) regions; (b) divisions, since the 1st day of January, 1955?

This was the answer given by the Minister of Transport:

This is another question which cannot be answered completely without the assignment of a special staff. Here again, the information would have to be assembled at the 42 divisions of the company, and would then have to be consolidated. This would take many weeks, and by the time the figures had been compiled they would no longer be currently accurate.

I say to the minister that if that answer is correct it does not indicate that the records kept by the Canadian National Railways are similar to records kept by other corporations. They could not be kept in the same manner. My next question was:

2. Is it anticipated that there will be further lay-offs and, if so, what are expected numbers by (a) regions; (b) divisions?

The answer to that question was as follows:

Seasonal employment, with resultant lay-offs at the termination of seasonal programs, has a very marked impact on figures relating to the strength of working forces.

That portion of the answer is simply legislative evasion. My third question was:

3. What is the total number of employees of Canadian National Railways in (a) office staffs; (b) all other positions, laid off either permanently or temporarily, since the 1st day of December, 1954?

The minister answered:

These comments apply particularly to parts 1 and 3, and similar difficulties exist as to part 2 of the question.

My fourth question was:

4. How many employees of Canadian National Railways have had their working hours reduced, since the 1st day of January, 1955?

The minister replied:

With regard to part 4, I would answer that no employees have had their working hours reduced since 1st January, 1955, except perhaps that in certain cases of illness an employee may be working part-time pending complete recovery.

I am not going to argue with the answer given by the minister. The same type of answers were given the same day to questions asked by the hon. member for Winnipeg North Centre. I submit that those answers given by the minister either do not give the picture as the railway company knows it to be, or indeed reveal a cavalier attitude on the part of the high officials of the Canadian National Railways toward the right of parliament to information.

I go on to point out that on February 28 I moved:

For a copy of all correspondence exchanged between the minister or Department of Transport and the Canadian National Railways relative to a question placed on the order paper in the name of the mover of this matter on the 28th January last, the purpose of which was to ascertain the number of section and maintenance men, office staffs, etc., who have been laid off by the Canadian National Railways during the periods particularly set forth in the said question.

That motion was challenged by the minister, and it was dropped. A little later a further question was put on the order paper in order to ascertain the number in the employment of the Canadian National Railways as at the end of February this year. That is my recollection of the question. I am not certain of the date as I have not the question before me. In that case the answer again was that the information was not then available.

Those answers throughout do not meet the fair requests of Canadian National Railways employees across Canada who are asking for information on this matter, and for the assurance that their jobs are not to be placed unnecessarily in jeopardy. They are not in the position of being suppliants. They have the right to know the position in which they will find themselves in the days ahead, as far as the railway company can predict. They certainly have the right to information as to the number of employees who have been laid off since December last.

Among the employees in general—that is, sectionmen, maintenance men and the like—I find the desire to know what the situation is. They want information, but they do not seem to be able to get it. There is only one method by which they can secure it, and that is through their parliamentary representatives. At least that was what they thought until questions were asked by certain of those representatives in parliament.

I ask the minister, when he replies, to give the Canadian people and the railway employees the picture as to how many had been laid off from last fall until the end of February. The railway employees believe the number runs into thousands. Indeed, as a result of their own computations several of them have concluded that the number of employees laid off within the last year approaches 10,000. They may be in error, but the only way they can find out is to have the minister give that information, and give to those who hold positions today some reassurance as to the future.

After all, you cannot maintain morale unless there is full and complete disclosure. Today morale among Canadian National Railways employees is undermined as a result of the failure of the minister to give some information as to the picture and the course to be followed. I ask him, when he concludes this debate, to furnish the information to the extent that it is possible to do so.

As to the last question I asked, with regard to the number who were in employment as at the end of February, as I recollect the answer it was to the effect that the computation was made on the 15th of each month.

The 15th of the month is now past, so the information should be available. I ask the minister to furnish it.

Then I pass on to one other matter upon which the Canadian people are asking for information. I refer to the Queen Elizabeth hotel in the city of Montreal. On February 14 I asked not for copies of correspondence with the railway company but for the letters from the Department of Transport or the minister with regard to the Queen Elizabeth hotel. That motion was turned down by a vote of the house, with every member supporting the government voting against it. When a commitment running into millions of dollars—and the estimate of the cost of this hotel is some $20 million—has been made of moneys belonging to the Canadian people, upon considerations which must have governed the directors of the railway company in making such a commitment, surely the Canadian people have a right to know why, when this great hotel is completed, it should be turned over to the Hilton Hotels Corporation, a United States corporation. The Canadian hotel operators want to know what Canadian hotel corporations had an opportunity to bid in this matter. My information is that the hotel association communicated with the Prime Minister (Mr. St. Laurent) early in January to ask him about the situation, and had no reply by the end of January.

Mr. Deputy Speaker: Order. I have been turning up the references, and I find that on Monday, February 14, the hon. member moved for information along somewhat the same lines as he is now discussing, and that the motion was negatived on that date. I am just wondering whether he is in order in going on at this time at this length on the same subject.

Mr. Diefenbaker: With deference, Mr. Speaker, may I point out that my motion was to get the documents. That motion was turned down. What I am asking for now is the information, not the documents. The motion for documents was defeated. I therefore can do no more than accept the decision of the house as, of course, I do. But what I am asking of the minister now is this. Why can we not get a peek behind this curtain of secrecy into the reasons that a management lease was given of this hotel?

The Canadian people are furnishing the money. They have a right to know what peculiar considerations would impel the Canadian National Railways to build this fine hotel needed in Montreal and then, having built it, turn it over to someone else for operation. Is it going to be profitable? How much is going to be paid? Or is it going to turn out to be a white elephant? I am not suggesting that it is, but it seems passing strange that so mysterious a transaction should have been entered into. Just imagine it, Mr. Speaker; we pay the money, get the hotel and then turn it over to somebody else. Why? That is what we ask. After all, parliament is being asked to consider the accounts and estimates. If ever there was an expenditure that should be looked into and that should not be hidden in a veil of secrecy, this is it. This is one transaction that deserves the fullest investigation.

Now, sir, I feel that the minister should give this information. I can do no more than ask that he do so. Today the Canadian people are wondering and the correspondence one receives indicates it, why this transaction was entered into. Why was the construction proceeded with at public expense? Why were Canadians not given an opportunity? If there was a change of plan on the part of the railway company, why was it necessary to go outside of Canada to find a hotel company to operate a Canadian hotel for and on behalf of the Canadian people or the Canadian National Railways?

There is one other matter I should like to bring to the minister's attention. The hon. member for Greenwood (Mr. Macdonnell) dealt with the deficit this year. The past year has not been a year of railway expansion except in the hotel line. Requests have been made and supported, I believe, by one of the members of the government, for railway construction to tap our resources, particularly the resources in the northern part of the western provinces. Indifferent transportation facilities have been the main cause of delay in developing the north country. Let no one say that is not a fact, because the statement was made quite recently by the Minister of Northern Affairs and National Resources (Mr. Lesage).

I believe the time has come for Canadian National Railways to consider the strategic extension of railway lines to meet the present and the long-term needs of the vast mineral empire of the north. Already consideration is being given, I understand, to a railway line from Waterways to the south shore of Great Slave lake. I say I believe such consideration is being given because the Minister of Northern Affairs and National Resources is reported to have so stated. Having regard to the tremendous development taking place in the western provinces I believe there is a need of extension of railway facilities.

In Manitoba, Canadian National Railways extended its line from Sherridon to Lynn Lake. Consolidated has now commenced

developments west of Hudson Bay, some 300 miles to the north. I believe that is one railway extension that will have to be seriously considered immediately. In the province of Saskatchewan there has been a change in the last few years since private enterprise has been welcomed to northern Saskatchewan, a change that deserves the consideration of the department and of Canadian National Railways so far as the extension of railway facilities into the north is concerned.

While public enterprise is something I do not often approve, a visit to the Eldorado development in northern Saskatchewan is a worth-while experience. The development there is tremendous. The future expansion of uranium production, while not unlimited, certainly seems to be approaching that condition. That being so, I believe the time has come for consideration of the extension of railroad facilities into the north in order not only to make possible the removal of what is being mined and produced there today, but to meet the needs of future years.

I was glad to learn from the Minister of Northern Affairs and National Resources that consideration is being given to one railway line into the north from Waterways to the south shore of Great Slave lake. In determining where that line should go the fullest weight should be given to the need of a line in northern Saskatchewan to tap the areas of mineral development now being opened between Eldorado and the city of Prince Albert.

I think that is all I wish to say at the moment, except to point out that at Uranium City, Eldorado's present milling capacity of 500 tons daily is being increased to 700 tons. At the present time two mines are sending ore to Eldorado for custom milling. I refer to Nesbitt La Bine and Rix-Athabasca. Eldorado's present payroll is about 500, and Gunnar, which is about 18 miles distant, has 500 construction workers. In 1953 the freight tonnage to Bushell, the end of the water route, was some 35,000 tons, in 1954 about 50,000 tons, and in 1955 it will be much greater. The developments taking place there are tremendous in their potentialities. That being so, when consideration is being given to the building of railroad facilities I ask that the potentialities of northern Saskatchewan be kept in mind, as well as the fact that today there is need of a rail exit for the production taking place there, which will greatly increase in the years ahead.

As far as northern Alberta is concerned, it has railway facilities that northern Saskatchewan does not have. It is my belief that railway extensions to resources will pay tremendous dividends, and will at the same time afford transportation facilities to enable not only the building of the northern radar defence lines but also their maintenance and upkeep.

Mr. F. S. Follwell (Hastings South): Mr. Speaker, you indicated that you would allow some latitude on the discussion of the motion to set up this sessional committee. I hope the remarks I am about to make will come within that latitude, although I had intended to make them in the debate on unemployment because of the fact that we are all alarmed and concerned about the employment situation in Canada.

We are particularly concerned about the employment situation amongst the railroad workers on the Canadian National Railways. I find myself in agreement with the hon. member for Prince Albert when he suggests that the railroad employees' pension scheme should be investigated and overhauled. I believe there should be an upward revision in the amount of the pensions paid these railroad employees.

What I particularly have in mind is to make a recommendation to the government with regard to the building of the trans-Canada natural gas pipe line. Canadian National Railways, as we well know, has a right of way clear across this great country. I believe we were all disappointed, no matter from what part of Canada we come, when we heard the announcement made by the Trans-Canada Pipe Lines executives that for reasons of financing this project would have to be deferred for another year. I believe this project could go forward immediately if it were built under the direction of Canadian National Railways. As I have said, the railway owns the right of way.

It might be pointed out to me that this route would probably necessitate building a little longer gas pipe line than was expected, but in turn I could point out that the railroad is economically sound only because it serves the whole population of Canada. It must go where the people are. This route would make the Trans-Canada natural gas pipe line economically sound too, because it must go where the people are in order to serve them with natural gas.

Canadian National Railways has at its head Mr. Donald Gordon, who is well known for his great financial ability. He is surrounded by men of great courage and men of great skill in the engineering field who, I am quite sure, could build this natural gas pipe line much cheaper than a private company because they already have this roadbed. It is probably quite true that the pipe line could not entirely follow the railroad line,

but there again the Canadian National Railways has a lands department, a legal department and, as I have said, a financial department. It has been suggested, more particularly by the C.C.F. group, that if the Canadian taxpayers are to guarantee the financial arrangements for the Trans-Canada pipe line, then the Canadian people should build it. I believe that if Canadian National Railways built this pipe line even that group would be satisfied that the construction was being undertaken in the right way.

The construction of this gas pipe line is a project that will require the placing of very large orders for steel pipe as well as many other materials. I am sure this would immediately set in motion the necessary production to take up the slack in our unemployment at the moment. I feel that it would be well if the Minister of Transport were to call together at the earliest opportunity the officials of the Trans-Canada pipe line and the Canadian National Railways to ascertain whether or not some method could be worked out to make possible the immediate construction of this pipe line under some lease arrangement from Canadian National to Trans-Canada Pipe Lines Limited. It has been mentioned here that Canadian National Railways built a hotel which it was found more advantageous to lease to another company for management.

As we well know, Canadian National Railways has been able to extend its lines to Lynn Lake and Kitimat. Agreements were made in connection with these extensions that made them profitable to build, yet they were a great service to the country in opening up our natural resources. I am sure it would be possible to work out some kind of satisfactory financial arrangement that would permit Canadian National Railways to finance the project and lease it to Trans-Canada Pipe Lines for management. I do not know what legislation would be required to provide the money for Canadian National Railways. It may well be that legislation is already on the books that would enable parliament to grant sufficient funds to start the project immediately. As I have said, I have in mind that the whole of Canada, particularly the producers in the west and the consumers in the central provinces, were disappointed when it was indicated that natural gas would not be coming forward this year, or at least there would not be an early start to provide it.

So, Mr. Speaker, I urge the government and the Minister of Transport to take some notice of what I have said and call together the Trans-Canada Pipe Lines people and the Canadian National Railways officials. The building of this pipe line by the Canadian National would give the railway a great deal of traffic. As I have said, when it is indicated that it would be economically sound and in the best interests of the people to extend the pipe line to a particular point, it could be extended by means of branch lines the same as the railway lines are now extended. I feel that if this matter is looked into immediately some decision could be made that would enable work to be started this summer and orders placed for the necessary material.

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): I am not a member of this particular committee. I wish I were, because there are a few questions I should like to ask Trans-Canada Air Lines officials. I travel on T.C.A. a great deal, and I think their safety record is exceptional. Nevertheless I feel they should try at all times to make it even better. Today I feel there are certain elementary precautions which Trans-Canada Air Lines are not taking as they fly over military areas.

As hon. members know, the worst air tragedy in Canadian history took place over the city of Moose Jaw. Since that time there have been two or three other incidents involving military aircraft and Trans-Canada Air Lines planes. I feel that these incidents may continue unless something is done to have T.C.A. take certain safety precautions which I am going to suggest. I have proposed these steps to the Minister of Transport before, but I do not feel the answers he has given have been satisfactory.

I suggested in the first place, and a good many people have agreed with this suggestion, that when a Trans-Canada Air Lines plane is going over a military area it should radio the fact ahead, so the control tower at the military airport could notify all military planes which might be in the air. Then they could clear the airway and runways in order to minimize the danger of a collision. Such a procedure makes sense to me, and I do not know why it would not be feasible.

On February 9, in sessional paper No. 166-B, the government answered this suggestion by saying there were technical difficulties in the way. If that is so I think it is a rather shocking reply. This is a scientific age. No one can tell me it is not feasible to have a radio arrangement so that a Trans-Canada Air Lines plane can inform a military airport that it is passing over. I may tell the minister, as he probably knows, that Canadian Pacific Air Lines follow such a procedure today. I cannot understand the technical objections. Quite frankly I feel that the president of Trans-Canada Air Lines is taking a rather lofty attitude toward this whole subject.

Some reporters questioned Mr. McGregor in Edmonton some months ago about the incidents over Moose Jaw. They queried him regarding the questions I had asked in the house, and he had this to say:

Mr. Thatcher seems to assume that T.C.A. and the R.C.A.F. stand at opposite ends of a hall and shout at each other. Actually, there is very good co-operation between the two.

I suggest to you, Mr. Speaker, that such a statement is not an answer. If there is such good co-operation, then why are these incidents continuing? Mr. McGregor cannot afford to brush aside such proposals. If a proposal is not feasible, then I wish he would state clearly the reason. I hope the committee will investigate this whole matter when Mr. McGregor appears before it within a few days.

Another suggestion made was that T.C.A. aircraft, when flying over military areas, should fly at 8,000 or 9,000 feet instead of at 6,000, as at present. Most of the Harvard training aircraft simply cannot fly that high. The department replied to this suggestion by stating:

The establishment of such minima might be imprudent in that they might require an aircraft to maintain an altitude which had become unsatisfactory due to local weather conditions.

Such a statement might be correct six or eight days in the year, but how about the other 350 or 360 days? I believe that if T.C.A. would fly at 8,000 feet there would be almost no accidents from collision. And if their planes had to come down because of storms, then they could notify control towers at the military airports in advance, and thus lessen the danger.

Some have suggested that the sensible thing to do would be to move all military airports from areas in which Trans-Canada Air Lines operate. I do not think this is a sensible suggestion. In the first place there would be a considerable number of airports to move. In the second place the cost would be absolutely prohibitive. In the third place, if the stations were removed I believe the military authorities would find it much more difficult to recruit. Certainly it has been found that personnel like to be near the larger centres.

I say again there are certain elementary safety steps which look reasonable to a layman. I hope that the minister or Mr. McGregor will answer these proposals before the committee. If the suggestions are not sensible, then let them die once and for all. But at least let there be a full explanation.

(*Translation*):

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, in a talk delivered before the Canadian railway club in Montreal, on December 13, 1954, the chairman of the Canadian Pacific stated as follows:

(*Text*):

Canada's resource industries share with agriculture the distinction of forming the backbone of the export trade upon which national prosperity depends. A country which derives more than 20 per cent of its national income from exports dependent for their competitive advantage in world markets upon a price measured in part in terms of transportation cost cannot afford to remain indifferent to those problems which affect the railroads in their ability to meet new as well as existing transportation needs.

(*Translation*):

Railways have been the spearheads of Canada's economic development. The district of which I have the pleasure of being one of the representatives has witnessed a new expansion at the end of the last century when it was linked by rail with the city of Quebec.

The railroad, built chiefly to open up new settlements and provide a new outlet for existing parishes, has not followed the progress of our district.

It has remained a settler's railroad. It is a slow, winding road, dotted with decrepit stations, where trains are seldom on time. It is becoming more and more urgent that improvements be made, that the railroad be shortened and modernized so as to meet adequately the needs of our district, which has become a great industrial area, and of our constantly increasing population.

(*Text*):

"One of the best tests of whether a people can see, in the economic sense, beyond its nose," says the editor of that internationally known journal, *The Economist* of London, "is in its attitude to transport, for transport, although absolutely essential to economic progress, confers its benefits indirectly."

(*Translation*):

The relevancy of that remark prompts me to speak of the necessity of undertaking as soon as possible the construction of the Chibougamau-St. Felicien railroad.

On January 25 last, the Minister of Transport (Mr. Marler), in reply to a question of the hon. member for Three Rivers (Mr. Balcer), stated that he had no intention of introducing a bill about this matter during the present session. At the last session, legislation for that purpose was enacted by parliament. Unfortunately for us, none of its clauses compels the Canadian National to build that railroad within a set time, or provides anything to that effect.

In short, clause 1 prescribes that the governor in council may provide for the construction and the completion, in whole or in part, of the lines described in the appendix, before December 31, 1964.

On the other hand, the then minister of transport, as well as the vice-president of the Canadian National asserted, both in the house and before the railway committee, that if a sufficient amount of traffic was guaranteed, the construction of our trunk-line would not be delayed.

The parliamentary assistant to the Minister of Transport (Mr. Langlois) repeated it again in a speech he made last November in Roberval. He said to his listeners of the Saguenay area: "As soon as you can give us the same guarantees of 175,000 tons of freight per year, the Chibougamau-St.-Félicien trunk-line will be built".

I am told that these guarantees have been secured and supplied to the authorities of the Canadian National Railways.

On December 20, 1954, *Le Soleil* made the following comments on this news:

Prospects appear bright in the lake St. John area for the construction of the trunk line between lake Chibougamau and St. Félicien. The Canadian National Railways have all guarantees they required of a freight traffic of 175,000 tons per year in this lumbering and mining district which is now open to extraordinary development. For the time being, ten industrial establishments have undertaken to supply a total of 180,000 tons of freight, with the promise of bringing this amount to more than 400,000 tons when the new railway is in full operation.

The people of the area are going at it in no small way: eight large lumbering companies operating in this vast area north of lake St. John up to and beyond lake Chimougamau, over a distance of more than 200 miles, are getting ready to use the proposed railway for the transport of manufactured lumber shipped to various parts of the province. At the present time, they are using to a large extent the road that the provincial department of highways built some years ago, and also the rivers flowing into lake St. John. They look forward to the improvement that the railway will bring for the rapid and safe transportation of their products.

In a speech delivered in Toronto last November, the Minister of Northern Affairs and National Resources (Mr. Lesage) advocated the construction of a railway line in the mining district of the Yukon and the Northwest Territories with the financial assistance of the federal government.

That is exactly what we asked for last year: a subsidy that would permit the Canadian National to undertake simultaneously the construction of the A and B sections of the Chibougamau railway. Besides, such a subsidy was granted in 1949 for the extension of the Pacific Great Eastern line from Quesnel to Prince George in British Columbia. And a precedent had been made in that respect in 1913 with the Ontario Northland.

The minister believed that the carrying out of such a project would be the best means to push the industrial development of our northern empire. After that conference, Mr. Charles Pelletier wrote in *L'Action Catholique* the following comments:

Mr. Lesage is indeed right. It is through the development of our means of communication, especially our railway lines, that it will be possible to integrate in our national economy areas which are rich in possibilities of all kinds but whose resources will not be adequately developed so long as they remain inaccessible. And it is perfectly normal for the government to help these transportation projects at the start until they become self-supporting through the developments that they initiate.

If the construction of railway lines had always depended on the guarantee of immediate profits, Canada would not be the great industrial country she is today.

But what is true of our northern districts is all the more so of districts which are much closer to our large centres and which are already developed to a certain extent, such as lake St. John and the Gaspe peninsula.

And further on:

Even if the eastern section of the railway were not immediately self-supporting, that would not be sufficient reason for putting off its construction when the progress of a large part of the province is at stake. As Mr. Lesage so aptly said, railway lines are esssential to economic development.

They should not be looked upon as the result or the crowning of progress, but as its essential condition. After all, the pioneers who built up this kingdom of the Saguenay, and so largely contributed to the opening up of the Chibougamau district, deserve as much consideration as the few inhabitants of the Northwest Territories.

The article concludes with these words:

Our representatives in Ottawa should carefully avoid dual policies, so to speak: one for the province of Quebec, where railroads would only be built or maintained to the extent that they would bring immediate returns; and the other for the remainder of the country, where equipment expenses would be readily granted in anticipation of increased activities and wealth. It is up to them to explain and defend the position of their voters with the same determination as the members from other provinces. The new Minister of Transport (Mr. Marler) whose broad-mindedness and fairness are well known, will undoubtedly do his best to ease their task.

I say, and repeat for the benefit of those to whom the local topography of this part of our province is not familiar, that the length of the rail-route from Chibougamau to Chicoutimi is 220 miles, of which 139 are still to be built; the route from Chibougamau to Barraute, and from Mont Laurier to Montreal comprises 515 miles, 350 of which are still unfinished; while that from Chibougamau via Barraute, Noranda and North Bay to Toronto is 750 miles long, with 165 miles still to be built.

The distance from Chibougamau to the port of Chicoutimi is 220 miles shorter than to the next nearest seaport. And even in winter, as the route from Chibougamau to Montreal or Quebec is shorter via Chicoutimi, freight rates to or from Chibougamau would be even

more substantially reduced. The importance of this situation from a business standpoint is obvious.

The port of Chicoutimi is one of our national ports which is being managed by a federal organization.

Its facilities, if further improved, would be put to very good use if the ore, raw or refined, mined in the northern part of the province were shipped there and if goods from the exterior were sent and handled there.

Instead of being in the red as today, that harbour would likely become a paying national undertaking.

The manpower available in my riding, without par anywhere in Canada, would benefit from the project, one which would add stability to the prosperity of 100,000 good Canadians. That aspect of the problem is worth considering, and seasonal unemployment, which prevails every year in our cities, would disappear or at least be reduced if new industries springing from the economic development taking place at Chibougamau were established alongside existing ones.

The majority of the railways which were built across Canada, those in the west particularly, were built not because they were guaranteed a certain traffic by private enterprise, but because of the future development of existing material wealth. That principle should apply to the St. Felicien-Chibougamau line.

The people of my constituency have confidence in the new Minister of Transport (Mr. Marler) and they hope that he will recognize the justice of our claims.

Le Progrès du Saguenay, a daily newspaper of the queen city of the north, wholeheartedly devoted to the interests of the area and non-partisan politically, had this to say on September 29, 1954, following a rumour that the new Minister of Transport intended to visit us:

> It would appear that the Hon. George C. Marler, new federal Minister of Transport, has expressed the wish to visit Chicoutimi and meet there with the members of the economic development council for the Saguenay in order to discuss the proposed construction of the Chibougamau-St. Felicien railway. This news was greeted with a great deal of satisfaction by every businessman in the district. The reputation of this statesman is well known; his honesty is beyond reproach. His record of public service is an inspiration for the younger generation and his rise to his recent high estate has been gradual and perfectly natural. He is a man of real ability and his reputation extends throughout Canada. There is no better proof of his merit than the esteem in which he is held by his political opponents. This explains why the people from the lake St. John and Saguenay area were happy to learn of his elevation to the post of Minister of Transport. We are now certain of obtaining justice.

I hope, Mr. Speaker, that these words of praise coming from a daily newspaper of my area will be amply deserved by the Minister of Transport.

(*Text*):

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, we in Canada have hotels from coast to coast of which we can rightly be proud. Around the world some of these hotels are well known, such as the Royal York, the Chateau Laurier, the Chateau Frontenac, the King Edward, the Bessborough, the Macdonald, and others. Now apparently we are going to have added to this list another name, that of the Hilton Queen Elizabeth. This hotel is to be built and paid for with public funds and operated not by Canadians but by others. This government, which to say the least has not facilitated the use of the word "royal" by some of our top transportation units but does condone the same word on things like poolrooms, and shoeshine parlours, is now leasing out the name of our gracious young sovereign for the benefit of a commercial organization which is not Canadian, and such action does give me some pause.

I know the attitude of the government is that this hotel is going to retain its Canadian identity, that this is purely a management arrangement which will have no direct bearing in the eyes of the public, and that this will be a $20 million project of which we as Canadians can well be proud. Actually it is evident, and I hope that evidence is going to be examined by this committee, that this will not be the case. We know from information already available to us that it is not the approach of the Hilton organization to keep their name in the background. They want the units associated with them to be presented to the world as Hilton units. This is understandable because it is at least a partial gratification to their president, a world-famous man who is admittedly a most capable operator in the field of hotel financing, but who is perhaps less widely known in the field of hotel operation. This is the man of whom *Fortune* of January 19, 1955, had this to say:

> For nobody, but nobody, quite matches Connie Hilton's passion to be the world's biggest and best known hotel man.

That is all very well. I admire a man with those attributes, but I rather hesitate when I find the Canadian government and the people of Canada financing him in his projects. For

example, I read a few lines like these in the April 11, 1953, issue of *Business Week:*

Hotels Wide-eyed.

Hotelmen are broadening their view of possible sites, see U.S.-run hotels in every corner of free world.

Bent on building an empire abroad, U.S. hotelmen are eyeing every major city in the free world as a possible hotel site.

Those of us who admire free enterprise, as certainly I do, can admire admissions like that; but I do not think we necessarily need to condone the obvious attempt of the government in this instance to put Canadian funds and Canadian effort at the disposal of these empire builders of the United States, particularly when, as we know, they have sizeable funds of their own which we would be more than anxious, I would think, to welcome for investment in Canada, perhaps in the hotel business. We must not forget that Mr. Hilton himself invested some $111 million in the purchase of the Statler chain just a little while ago.

Now, Mr. Speaker, on the statement that the hotel will be identified as Canadian, I point out to the house that the normal operation of this chain is to identify its hotels as Hilton hotels, particularly when they are located in parts of the world other than the United States. They so identify these hotels even under arrangements which as far as we can understand, are parallel with those they have with the Canadian government in this instance. In a parallel situation they continue to identify their hotels as Hilton hotels, taking away from them their individual nature and establishing them as a part of this chain. For example, they have the Palacio Hilton in Chihuahua, Mexico, the Caribe Hilton in San Juan, Puerto Rico, and the Castellana Hilton in Madrid, Spain. As I indicated at the beginning of my remarks, they are now going to have the Hilton Queen Elizabeth in Montreal.

I do not think any Canadian government has ever been party to the use of the name of our Canadian sovereign for the commercial benefit and personal gratification of a non-Canadian organization, and I think it is absolutely unbelievable that the Canadian people should be asked without adequate explanation—and thereby hangs much of my argument—not only to accede to this arrangement but to put up $25 million to make it possible. Of course, one of the great difficulties in assessing this situation is to penetrate the hot air curtain which the government has managed to throw up around the situation.

Before I deal any further with the matter I wish to make it clear that I have a great regard for American achievement and ability in this modern age, but I do not necessarily admit they transcend those of Canadians. I admire and respect the genius of Conrad Hilton and his organization who have built the world's greatest hotel empire. But I am not convinced that this genius, primarily demonstrated in the field of finance and manipulation, can do for this new hotel anything which Canadians could not do equally well.

I approach this entire problem from the viewpoint of a Canadian who, while admiring and respecting the United States and its business acumen, and being extremely friendly thereto, nonetheless feels that Canadians are capable of doing at least as good a job as our United States counterparts.

Let us see how the situation has come about and what information the public has been given on the subject. The project first swam into view when we were given information in definite form at last year's hearings of the railways and shipping committee. During this hearing there was considerable discussion about this new hotel, but there was absolutely no mention of it being managed by an outside firm. Instead, the impression was certainly given that it was a sound proposition on its own merits and that it would be a Canadian operation.

I am going to introduce into the record at this point certain quotations from these proceedings which bear on this point. The quotations are taken, unless otherwise indicated, from statements made by the president of the Canadian National Railways, Mr. Gordon. I do not hold him responsible in any way, shape or form for this situation, because he made it quite apparent what he had in mind and certainly any change in the situation can be laid at the door of the government and not at Mr. Gordon's door.

Mr. Gordon: Forecasts show that a range of from two per cent to six per cent on the invested capital could be realized and that an average return of at least three per cent could be expected after meeting all charges including maintenance, taxes and depreciation.

And later, during discussions of eventual development of the area around the hotel:

Mr. Gordon: I am positive that the hotel will stand on its own merits.

Later, in general discussion concerning the business prospects and future operation of the hotel:

Mr. Gordon: Our new hotel in Montreal is in the centre of the city and within 500 miles of it are nearly 53 million people; and we know from investigation there will be very intense interest in using the convention facilities of this hotel.

And again later:

Mr. Gordon: Our committee which considered the suggestion for this hotel came to the conclusion there would be a high degree of occupancy.

Then a little later on, following a question regarding the name which had not yet been decided and the probable opening date, the hon. member for Peterborough (Mr. Fraser) asked the following question:

Is it to be all your development?
Mr. Gordon: That is the intention.
Mr. Fraser (Peterborough): All the way through?
Mr. Gordon: Yes.

Subsequently, following a question asked by the hon. member for Greenwood (Mr. Macdonnell) about the inadequacy of convention facilities in Montreal:

Mr. Gordon: They are very inadequate and that is demonstrated by the fact that we already have received a great number of inquiries from organizations which have not been able to hold their conventions in Montreal by reason of their size.

Later, on the same subject:

Mr. Gordon: We have received inquiries, at this date, from 31 organizations all of which hold conventions. I think the interest being shown in the hotel long before we have begun at the site would indicate that we should not expect to have much trouble once the erection of the hotel takes place.

Just one further quotation, Mr. Speaker, regarding the plan to set up one corporation which would own and operate all the Canadian National Railway hotels:

Mr. Gordon: We will not organize the hotel company to be a complete operating company in all respects. Certain administrative services will be provided to the hotel company by the railway.

It seems to me that the principal service provided so far has been to sell the operation of the hotel down the river to the Hilton corporation. Certainly we have had no other factual data or indication in this house. However the quotations I have put on the record make certain facts clear. First, the new hotel was presented as something which would be operated on the same basis as the existing hotels. Second, it was indicated that on such a basis it would be a satisfactory business venture. Third, no indication was given that the operation would be conducted by an outside organization. Fourth, the presentation made to the committee indicated no need to call in an outside organization to operate the hotel, since it was indicated that it would be a satisfactory operation under existing circumstances.

It seems to me that policy has changed drastically since that point, and I think we must look to the government for an explanation of that fact. Tracing what the public might know about this project, for the benefit of the railway committee, the next development took place on November 15, 1954, when a general statement was issued by Mr. Gordon and Mr. Hilton announcing that the Queen Elizabeth would be managed by the Hilton hotel group. This was the first intimation hon. members of this house received that the hotel was not going to be operated by the Canadian National Railways itself; we read it in the newspapers. It was the last and only piece of authoritative information this house has been able to garner to date.

Under the guise of enabling the C.N.R. to operate its day to day business without interference, repeated questions in the house on this subject and repeated requests for information have met with a blank and stubborn refusal to give any more information. This point was extremely well traced by the hon. member for Prince Albert, so I shall not labour it. However, I wish to put on record the interesting fact that other organizations and the Hilton corporation itself find it unnecessary to throw what I have described as a hot air curtain around their operations, and secrete facts within themselves.

I turn to one paragraph in *Business Week* of April 11, 1953, referring to an hotel which is to be constructed at Havana, Cuba at a cost of approximately $10 million, in conjunction with a local labour union there. The paragraph states as follows:

The retirement fund of the union (with a bank loan to help) will finance the hotel and get two-thirds of the gross when it's operating; Hilton will lease, manage, and supply working capital in return for one-third of the take.

There is the financial information in connection with that particular operation, the division of the profits and everything else. Yet, Mr. Speaker, these gentlemen sit over there on the treasury benches and say, "We will not tell you anything about this matter because it is not in the public interest."

I realize, Mr. Speaker, that there perhaps must be some reservations in dealing with the C.N.R. in order to keep its competitive position free and on an equal basis with that of other railways in Canada, but I just cannot see that certain particular aspects of its policy and certain of its major policy decisions should be kept secret when they represent matters of urgent public interest to the people of Canada, and when there is no competitive reason for so keeping them secret. Particularly, Mr. Speaker, I see no reason why they should be kept secret when a 15-year contract is involved and millions of dollars are at stake.

We will turn over to the Hilton corporation a $20 million hotel. It is indicated that we shall be putting up an additional $5 million in furnishings. It is an immense operation. For example, it has almost three times the value of the Chateau Laurier. Yet we cannot find out anything about it. This is not an operating matter. When you take $25 million of quasi-public funds and put them into an

hotel and then turn it over to a United States organization for management, that is a matter of prime public interest and prime public importance, and one upon which the house has every right to be fully informed.

Turning to this announcement, stripped of its verbiage we find that the only information we have on the subject is this. The announcement tells us that the hotel will be managed by Hilton for 15 years under a percentage division of profits after payment of all costs of operation. Ownership remains with the C.N.R. At least 95 per cent of the staff will be recruited in Canada, where possible from the C.N.R. organization. The remainder of the announcement, probably in an attempt to camouflage the absence of facts, goes at length into the fine qualities and great size of the Hilton organization, the marvellous job they will do of managing the hotel, and the advantages—largely unstated—of the agreement to the C.N.R.

The facts which would enable the house to evaluate for itself the wisdom and advantages of this arrangement and its possible implications are simply not contained in that statement. For example, the reference to a percentage division of profits after all costs of operation are met is meaningless, even to a trained accountant. I personally have examined the standard accounting practice of the American hotel association, and the figure which is referred to here could be one of four or five different figures in their financial statements. There are some who would include in the cost of operation such items as depreciation and interest. If you do that, in the amounts at the disposal of such an agreement it means a difference of hundreds of thousands of dollars every year. Yet we do not know on what basis it is, and the committee going into its session will not have that information at its disposal, although I sincerely hope it will be made available.

The only basic advantage to the C.N.R. and the people of Canada which has been clearly set out by the president of the C.N.R. as arising from this agreement is expressed in the words:

> . . . the working agreement is likely to ensure a stable and high occupancy of the hotel.

These statements may well be true, but why pay for something we were going to get anyway? Just a year ago Mr. Gordon told the railways and shipping committee:

> We know from investigation there will be a very intense interest in using the convention facilities of this hotel . . . Our committee which considered the suggestion for this hotel came to the conclusion there would be a high degree of occupancy . . . We already have received a great number of inquiries from organizations . . . I think the interest being shown in the hotel long before we have begun at the site would indicate that we should not expect to have much trouble once the erection of the hotel takes place.

In just a moment I think we might call it six o'clock. If these statements I have quoted were correct, as I believe they were, why do we need the Hilton corporation to solicit business which already is banging on our hotel door? Why do we need to pay a percentage of the profits of our new hotel to get business which the committee evidence showed we could get for ourselves?

Mr. Speaker, would you call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, when we rose at six o'clock I was examining some of the statements contained in the press release regarding arrangements between Canadian National Railways and the Hilton corporation with respect to the Queen Elizabeth hotel, or the Hilton Queen Elizabeth hotel, in Montreal.

Continuing with that, I think we might well ask ourselves why there should be any relationship in any person's thinking between an argument concerning the advantages of the Hilton corporation as a sales representative for the new hotel, and the question of the management of the new hotel. There are hundreds upon hundreds of Canadian corporations that have appointed United States sales agents and representatives to handle the sale of their product or services south of the border, or even in other parts of the world. One of the largest hotel chains in the United States and Canada, for example, has agreements with over 3,000 different travel agents on a commission basis for the purpose of obtaining business for their chain of hotels, but these same travel agents have no more say in the management of the hotels than you or I.

The name of the Canadian National Railways and the names of its hotels are justly famous all over the world. People respect and admire hotels like the Chateau Laurier in Ottawa, the Macdonald and many of the others which the C.N.R. operate throughout the country. Surely association with the Hilton chain, great though this chain may be, is not going to do anything to increase or enhance the reputation of these Canadian National hotels. Let me add that this is particularly so in the place where this new hotel is to be erected because I think if there

is one thing où les Canadiens français sont bien it is in their hospitality. French Canadians are proud of their hospitality. Down through the ages they have established an outstanding reputation for the hospitality and friendship they evidence toward the stranger. I suggest we do not need anyone to come to Montreal to show us how to attract guests to that city, or how to be hospitable.

Turning now for a moment to the question of the management of the hotel, for the agreement does turn over the management of this $25 million property lock, stock and barrel to Hilton for 15 years, the only basis I can see for it is the conviction on the part of the government that American management and control of the hotel would be superior to Canadian management and control. Quite frankly I cannot agree with this view. Perhaps, however, someone might argue that the advice and guidance of those closely associated with the operation and problems of the biggest hotels is needed. This may be so, but it should be pointed out that it is quite possible to get this advice and guidance without giving away the management rights of the operation. There are several highly reputable organizations in the United States whose particular work it is to give advice, counsel and guidance to individual hotels and to large hotel chains. They guide, counsel and advise, but they leave the management and operating control in the place where they rightfully belong, in the hands of the people who own the hotel and who have the major investment in it.

If you want a comparable situation you can turn to the position of the Sheraton hotels in Canada. This Canadian chain was purchased outright several years ago by the Sheraton corporation of America, which is next in size to the Hilton corporation. I have made inquiries, and I find that this organization use their head office personnel from the United States purely in a consultative and advisory capacity to their Canadian operations. Their units—and let us remember one of them is the Mount Royal in Montreal with a thousand rooms and another is the King Edward in Toronto, also an immense hotel—operate under complete local control, using the chain headquarters personnel for advice, suggestion and consultation to achieve the best possible operating and management results.

I see no reason why, if the need for such advice was felt, a similar arrangement could not have been worked out whereby advice, counsel and guidance would have been made available but the management control and final decision on all matters would have remained in the hands of Canadians in a Canadian organization. It is a far cry from calling in a consultant for advice and guidance to calling him in and turning over your business to him lock, stock and barrel for a 15-year period.

While we are on the subject of the Sheraton chain, I might point out that my investigations have disclosed that they have an iron-clad policy of employing only Canadian personnel from top to bottom in their organization. In their entire operations in Canada at the present time, with all their thousands of employees, there is only one single individual at the present time who has been transferred from south of the border to a Canadian position in a continuing capacity. In fact, it has worked the other way. They have been taking personnel from Canada and transferring them to the United States, because in certain cases they had a surplus of operating personnel here.

Compare this figure of one man among thousands with the proposal for the new hotel in Montreal, where the statement is made that at least 95 per cent of the operating staff will be recruited in Canada. This figure of 95 per cent sounds very reasonable at first, but it begins to look less reasonable when we realize that it means that up to 5 per cent of the staff will probably be brought into Canada from the United States, that this represents 60 to 75 people in a hotel of this size, and that this group which—I quote Mr. Hilton—"will be selected for their special skills, knowledge and other qualifications" will preempt almost every position of any importance in the new hotel, leaving for the Canadian personnel the jobs of hewers of wood and drawers of water, the subordinate positions.

Mr. Fulton: That is Liberal government policy.

Mr. Hamilton (Notre Dame de Grace): That may be Liberal government policy but it is not one with which we on this side of the house agree, and I think the sooner they know it the better. You do not have to do it. There is absolutely no reason for it, because hotel operations in Canada have demonstrated that we have the stuff to do the job. The Royal York, the biggest hotel in the empire, uses Canadian people, and it is an extremely well run hotel. It was only two or three months ago that a young man who had entered the service of the hotel in the capacity of secretary to the general manager was himself appointed general manager of the entire, great Royal York hotel.

There was Dave Mulligan, another Canadian who, unfortunately, died a few months

ago. He was known nationally and internationally as the grand old man of the hotel business. He owned and operated some of the greatest and largest hotels in the United States, but he started off in Canada.

An hon. Member: With the C.N.R., too.

Mr. Hamilton (Notre Dame de Grace): The citizens of the United States are capable, ingenious and admirable in all respects, but Canadians are equally so and I think they are entitled to prove their worth in the top positions of this new hotel.

Then there is another argument put forward by the government in favour of the agreement with Hilton—and we are coming to the end of the possible arguments the government can advance. It is that advantage will be gained from association with a large hotel chain like this not only through obtaining specialized personnel but also through purchasing practices and in other ways.

Perhaps this argument would be valid if the new hotel were a separate body and had no other association. But one must remember that the hotel is part and parcel of the great Canadian National Railways complex. It does not exist by itself in a vacuum. It is associated with the Canadian National Railways. The Hilton corporation and its associated organizations have assets of around $230 million; that sounds rather impressive. The Canadian National has assets of about 10 times that amount. Hilton does $190 million worth of business in a year, but the Canadian National does about three times that amount.

In other words, you are not really bringing in a corporation which is any more powerful, which is any bigger or which has any greater facilities. As a matter of fact, it seems to me that under these circumstances there is very little Hilton can offer to the partnership that the Canadian National could not supply from its own resources. The Canadian National has lawyers, accountants, engineers, economists, a sales force and advertising men. They have all sorts and types of personnel they could use in this operation for guidance and counsel, without having to ask for it from the organization the government has selected.

I am not anti anything in this regard, Mr. Speaker, but I am pro-Canadian in these circumstances. I have a sort of fierce pride and reasoned belief in the ability of Canadians to meet the challenge of these days, to rise to that challenge and accomplish that which they must accomplish if we are to retain the leadership which is ours and which, God willing, will continue to be ours. I have no sympathy with those who feel, for whatever reason, that we should play a secondary role to any other nation or any particular people.

It seems to me that some of the arguments I have advanced here today show there could be some reasonable doubt as to the wisdom of this hotel arrangement. I think that is putting it very mildly indeed. I feel that this government is guilty of several charges in this connection. The first and greatest charge of which they are guilty is that they have not had confidence in the ability of Canadians to operate a property which Canadians, with their industry, their foresight and thrift, have managed to procure the capital to erect. They lack confidence in Canadians. Second, I think they are guilty of not giving information to this house to which this house is fully and legitimately entitled. Third, Mr. Speaker, I think the government is guilty beyond question of attempting to thrust an agreement down the throats of the members of this house and the people of Canada without taking into their confidence the members of this house or the people of Canada to the extent that they might make their own decisions.

When the day comes that the gentlemen who sit on those treasury benches can make these decisions by themselves, without taking the people of this country into their confidence, it will be a sorry day for Canada. I believe that in this particular case that day has arrived. I hope the government will rectify the situation in very short order.

(Translation):

Mr. Andre Gauthier (Lake St. John): Mr. Speaker, I do not want to extend this debate; I would like nevertheless to take this opportunity to mention once again a matter which has long been debated but is still timely, namely the construction of the St. Felicien-Chibougamau railroad. Hon. members will recall that last December I placed on the order paper of the house the following resolution:

> That in the opinion of this house, the government should consider the advisability of taking whatever steps are necessary for the early construction of the eastern section of the St. Felicien-Chibougamau-Beattyville railway, for the purpose of connecting the lake St. John industrial district with the Chibougamau mining centre.

That resolution was not the first representation I had made in favour of this project; it was but the conclusion of constant and continuous efforts for the logical and rational development of the rich mining resources of the Chibougamau district.

In fact, I was the first in the house to request the extension of the Canadian National Railway lines to encourage the development of our large natural resources, which are so abundant in the Chibougamau district as well as in the lake St. John region.

On May last, in introducing the bill which has now become law, the Hon. Mr. Chevrier stated:

> It is expected that by the time the proposed line is completed from the western end into Chibougamau, if not before, projects for new industrial development in the Lake St. John-Saguenay area, which are now being considered by prospective investors, will have reached a stage which will justify the construction of this line and a decision can then be reached about any subsidy required and warranted in respect of the line. In the meantime, the Canadian National Railways will proceed to assist and encourage further developments in the lake St. John region as a means for building up potential traffic for this new line.

Now then, Mr. Speaker, this confidence in the future development of Lake St. John is shared by the whole population of my district. That is why, following the announcement of the Canadian National Railways' new policy to insist on guarantees of a sufficient volume of traffic, I stated last May 25 that the population of the Saguenay area intended to work in a constructive and intelligent way towards the achievement of this objective. Thus, since May last, I have not been chary of representations to the C.N.R. authorities, by the lumbering operators and especially to the Prime Minister (Mr. St. Laurent) and the new Minister of Transport (Mr. Marler).

Guaranteed traffic proposals have now been submitted to the Canadian National authorities, who are now considering them. It is not within my province to assess the value of the guarantees offered, but the government might hasten a decision on the part of the Canadian National authorities by offering them the appropriate subsidies.

A decision along this line, at a time when there is evidence of a drop in employment, would stimulate the Canadian economy and contribute to maintain a high level of national income.

I have every confidence in the foresight and judgment of the Prime Minister and of the Minister of Transport. By deciding to grant this subsidy, the government would at last favour the achievement of this railway project, one eagerly awaited by the whole population of my area.

(*Text*):

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, it was not my intention to speak in this debate, but one or two things have been said which move me to say a few words.

First of all, I rise to support the request of the hon. member for Winnipeg North Centre for a public inquiry into the Malton air accident. If I remember correctly, when replying to the hon. member for Winnipeg North Centre the minister asked the question, "What are you trying to prove?"

Mr. Marler: I did not ask any such question.

Mr. Herridge: I understood the Minister of Trade and Commerce (Mr. Howe) asked that question. My understanding is that the hon. member for Winnipeg North Centre was not trying to prove anything; he was asking for an inquiry to ascertain the facts and to assure justice to the pilot in question, as well as to the Canadian public. I think from a reading of the evidence that a public inquiry is fully justified.

On February 25 the Minister of Trade and Commerce denied a statement by the hon. member for Winnipeg North Centre to the effect that the pilot had been on duty for a period of 16 hours in one day. If we heard the minister correctly this afternoon, by his own figures he admitted that the pilot was on duty one day for 17 hours and 29 minutes. I am not going to take the time of the house to discuss the case more fully. The hon. member for Winnipeg North Centre placed the matter on record after having made a careful study of the whole situation. I would only repeat that a careful reading of the evidence fully justifies his demand for a public inquiry into this air accident; and I trust when the committee sits it will have an opportunity to go further into the matter.

I wish to say a few words about the Queen Elizabeth hotel. I listened with great interest to the hon. member for Notre Dame de Grace who, I think, covered the subject fully. I agree with what he had to say. We in this group supported the proposal that the Canadian National Railways should build this great hotel as a public enterprise of great value for Canada, and one which would serve a very useful purpose. I believe it is true to say that public response to the building of the hotel, as well as general, tourist and commercial interest in it, indicate that it will be a profitable venture.

It is an understatement for me to say that we in this group are very disappointed to hear that the operation of the hotel is being given to an American company. We think this is a reflection on Canadian hotel personnel in Canada, and the capacity of Canadians generally to administer such affairs. I think the successful management of a number of Canadian National hotels in Canada and a large number of other excellently operated hotels is proof that we have the personnel in this country to do the job, and that there was absolutely no necessity to have an American company operate this hotel. One of the hon. members has suggested that it indicates a Canadian inferiority complex when it comes to the management of such a business.

Another matter that concerned me was the possibility of going to Montreal on some occasion and seeing there a large sign bearing the words "Hilton-Queen Elizabeth Hotel". That would be a ghastly business. I do hope that whatever happens so far as the management is concerned, the name of a man called Hilton is not allowed to appear on the building, on the stationery or in the advertising, but that it will be known for all time as the Queen Elizabeth hotel. I trust the committee will have opportunity to make inquiry into this unusual and, we consider, totally unnecessary arrangement which is damaging to Canadian prestige and would be a blow to Canadian pride.

That is all I am going to say on the subject. I am going to keep up my reputation for speaking briefly, stating the facts and presenting an unassailable argument.

Mr. Knowles: A good, solid C.C.F.'er.

Mr. Herridge: I wish now to say a few words about the trans-Canada pipe line question. I do so because I was interested in the remarks of the hon. member for Hastings South (Mr. Follwell), when he urged that the government consider having this very necessary pipe line built by the Canadian National Railways. I was particularly interested to hear this proposal coming from an hon. member supporting the government. I thought it indicated that he had given serious consideration to the problem, one which is giving concern to a good many Canadians at this time.

Ever since we have talked about a trans-Canada pipe line this group has urged that such an undertaking should be publicly owned and under the management of the Canadian National Railways. This pipe line will be piping Canadian gas required by Canadian consumers. We in this group say, let Canadians build the pipe line, without paying tribute to any United States capitalist interests.

I think there are many arguments in favour of public ownership of this pipe line, and having it built under the jurisdiction of the Canadian National Railways. The railway company has a right of way across Canada, and no property problem would be involved. There would be none of the complex difficulties in the matter of easements and other things which take so much time and often cost large sums of money. The building of the pipe line by the Canadian National Railways would mean lower construction costs because it could be serviced from the railway itself. Maintenance under public ownership through the railway company would be lower, for the same reason. If we were to undertake this great project in the near future it could be a first step in an over-all plan for unemployment relief, as suggested earlier in debate by the hon. member for Winnipeg North Centre.

I suggest the government should float a tax-free bond issue for the building of the trans-Canada pipe line. This procedure has been popular in the United States in connection with undertaking certain large public works. Such tax-free bond issue would be subscribed to only by Canadian citizens, and would not be transferable. This procedure has been followed in the United States with a great deal of success in connection with large irrigation projects and the like. I think the hon. member for Peace River (Mr. Low) made reference to this in a committee we attended some days ago. These bonds would be of small denominations, perhaps from $100 up, and an opportunity could be given to hundreds of thousands of Canadians to subscribe to this Canadian-owned project. This would be greatly preferred to the procedure of asking United States interests to come in and build the line, and then reap the profits and have the control of this important public utility.

I am confident if the Canadian government were to undertake such a project it would capture the public imagination and would receive an excellent response from the Atlantic to the Pacific.

Mr. Gillis: Not from the Atlantic. That is the pipe line that will scrap our coal mines.

Mr. Herridge: I understand there are some persons in the maritimes who have surplus capital to invest and who, no doubt, would be willing to invest it in this national project. However, I see I am treading on the toes of the hon. member for Cape Breton South (Mr. Gillis).

I do think this is a project well within our capacity. We have raised large amounts of money through the sale of Canada savings bonds, and I think it is about time that we started to raise money in Canada for these public projects. This is a good one to start with, a national bond issue for the building of a trans-Canada pipe line. This is an opportunity for the first step in the greater development of Canada and long-term plans to meet unemployment, by Canadians and for Canadians. I think it would be a demonstration of confidence by Canadians in Canada's future.

In the opinion of members of this group this is a natural field for public enterprise, in this case public enterprise supported by the investment of hundreds of thousands of Canadians who I am quite sure would prefer to see this being done in this way than to

be dependent upon the whims of United States capitalists. This would be an investment by Canadians in a wholly Canadian project to serve Canadians for generations to come.

Mr. O. C. Trainor (Winnipeg South): Mr. Speaker, I should like to say a few words on this motion. Some time ago I placed a question on the order paper, as follows:

1. What offers, if any, have been received by the Canadian National Railways for their various hotels listed for sale?
2. What terms of payment are suggested in respect of these offers?
3. What is the appraised value of each of these properties, if such appraisals are available?

I received an answer to the first part of my question giving the details with respect to two hotels. In answering the second part of the question I was told that it was inadvisable, in the light of the policy of the railroad, to disclose such information. In reply to the third part I was told that the information was not available.

I have no particular objection to this type of answer, provided the Canadian National Railways are prepared to stand on their own feet. Who owns this railroad? Does the Minister of Transport, or does the government, or do the people of Canada own it? If the people of Canada own it, then I submit the people of Canada have a right to this information and neither the minister nor the government have any right to deny them information that is vital, especially in view of the fact that the Canadian National Railways are coming to the people of Canada to make up their deficit. Still they refuse to give the people of Canada simple information as to how they are conducting the affairs of the railroad.

There might possibly be some objection to disclosing this information if the negotiations for sale were in the process of being carried on, but that was not the case. In the case of the two hotels referred to the negotiations had been completed, and there was no conceivable reason for denying such information.

Apparently the Canadian National Railways are developing into something in the nature of a sacred cow as far as the government are concerned. One cannot get any information about the operations of this railroad. There does not seem to be any logical explanation for this attitude. If it was a question of effective competition perhaps one could understand it, but these were cases in which no such factor was involved. Personally I do not see any particular reason why such information should be denied.

Rumours have been rife in Winnipeg and vicinity that the Canadian National Railways were disposing of these hotel properties at fire sale prices. This may or may not be true, but if it is not true I would suggest that the best way for the minister to disabuse the minds of those who so think would be to disclose the information, more especially in view of the fact that no particular purpose would be served by refusing to do so.

I have in mind another instance of this peculiar attitude on the part of the government with regard to giving out information. Some time ago I asked why the government would not allow Winnipeg and area citizens to travel to Europe over the trans-polar route by way of Scandinavian Airlines. The answer I received was that there was no reciprocal arrangement. I suggested that perhaps they might be able to negotiate such an arrangement, but no reply was given to that suggestion. When I attempted to pursue the matter further I did not get very far.

Here is an instance in which the convenience of the travelling public is involved. One would think the first objective and even the duty of the government would be to promote the public interest and public convenience. Do they do that? No. Apparently they want to reserve this route for Trans-Canada Air Lines, and are prepared to go so far as to force a person residing in Winnipeg to travel to Montreal over Trans-Canada and then take Trans-Canada overseas to Europe, whereas he could get in an aeroplane in his own backyard, so to speak, and be in Europe in eight hours. As far as I can gather the minister is the only citizen of Canada who has had the privilege of travelling this route, and he is not prepared to extend that privilege to his fellow citizens.

The hon. member for Hastings South made what to me at least was an interesting suggestion, and this was commented upon by the hon. member for Kootenay West. This was a proposal to have Canadian National Railways build a trans-Canada pipe line on their own right of way. This is a suggestion that could come only from a Liberal.

In the first place the geography is all wrong. The major gas distribution in western Canada happens to be along the line of the Canadian Pacific. The Canadian National right of way is some hundred miles or so to the north, which would mean another hundred miles or more of extra pipe line to be constructed. If one has travelled over the right of way of the Canadian National Railways from east to west, as I have, he cannot help but be struck by the type of country through which the line travels. How in the world would you expect to sell any gas along that line?

In the first place this line would not be able to buy any gas in western Canada,

because they would not be prepared to pay enough money for it. In the second place they would not be able to sell any gas or oil along the route because nobody would want to buy it. So you would have a gas pipe line without a supply and without customers. All that would be accomplished, in my estimation, would be a carrying on of the pattern established by Canadian National Railways of deficit mounting on deficit year after year.

Finally, with regard to pensions for Canadian National Railways employees, this is a subject of great importance; as a matter of fact pensions in general are a subject of great importance. These pensions have been paid for in part by the pensioners' own money. Their good money has been taken from them and has been returned to them in money that is not so good, in currency that is debased to a certain degree.

Here we have the nub of this whole question, and the government must sooner or later face up to this proposition. Inflation is destroying the basis of all fixed income in the country, and in my opinion the government must take note of that fact. What is the use of giving pensions if 20 years from now when the pensions become payable they are going to be worth only half? That is what has happened in the last 20 years, and the trend is continuing. There is no indication that this inflationary trend in our economy is being arrested. There is no indication that the government is making any serious effort to arrest it.

There is only one possible stand for the government to take, as I see it. If it is not prepared to arrest this inflationary trend then it must compensate these people for the depreciated value of their pensions. Otherwise I suggest it is not quite honest to take from an individual money with a certain value and return it to him in money of half the value.

Finally, Mr. Speaker, I would make a plea to the minister that he not be so reticent in matters concerning the Canadian National Railways unless reticence is a matter of real importance, and I am not convinced that in the past it has always been a matter of real importance.

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, you will notice that my voice is very hoarse. I was hardly able to speak, owing to a cold I caught in the barn that is used as a customs house at Halifax upon my return from Europe. I hope, however, and I am sure all of you hope that I will soon regain the full force of my voice. You must have missed listening to my eloquence in the three weeks since I have been home.

[Mr. Trainor.]

Never did I think I would live to see the day when Canadians would lose their vision and foresight to such an extent that the people of Canada as stockholders in the publicly owned railway would find themselves treated in a manner which the stockholders of the Canadian Pacific Railway would not tolerate for a moment. The stockholders of the Canadian Pacific Railway have the privilege of attending stockholders' meetings and voicing their opinions and displeasure to the management as they see fit.

We have all known the C.P.R. railway stock to go up and down. We have also known times when everyone sought eagerly to have C.P.R. stock in their portfolio of investments; it was a must. We also lived to see the day when they could not get what they paid for it, which was brought about by world-wide conditions. The stockholders of the Canadian National Railways do not have the same opportunity to voice their opinions as to whether the management is good or bad. This can only be accomplished through their spokesmen in the House of Commons of Canada, which is the voice of the Canadian people. At the moment I happen to be a member of that body which serves as the voice of the people of Canada, and I am one of those members of that body who do not entirely agree at all times that the management of the railway has been correct in its decisions.

I have known a time when the advice of competent government and outside engineers was accepted in relation to the construction of gigantic projects in Canada, and they turned out to be great flops. We know they built a canal leading out of lake Simcoe in the vicinity of Newmarket which was heralded as a great event. After they completed about one-third of this project it was discovered they were building a canal which would have required the water to run up hill in order to bring any benefit, and they finally abandoned that project.

Every new hotel that was built by the Canadian National Railways in the past was heralded as a great benefit to almost all of Canada. I can remember when they built the Minaki hotel. My father owned property around Minaki for about 50 years, for which he paid at least $500. I know that if I offered to sell it to anyone in this house tonight for $250 I would not get it. When the hotel at Minaki was built with every convenience, including a golf course, it was advertised throughout Canada and all over the world, but finally it was almost given away. Many other hotels were built about that time by competent, intelligent railway management.

As you travel throughout Europe you do not find hotels which are 1,000-room projects, with other hotels being constructed, each offering an increased number of rooms. Irrespective of the economic soundness of it, the building of gigantic and unfriendly hotels is a United States idea and many of those constructed in that country have been flops.

I can remember taking a room at the new Waldorf-Astoria when it was first opened. My room cost me $25 for half a day, and I took it so I could say I had stayed there at the opening. I think I stood on the rug in that room for the entire day in order to get my money's worth. I did not want to go downstairs to see anything else, because I said to myself, "I have paid $25 for the privilege of spending 12 hours in this joint, so I had better get my money's worth".

The management of the C.N.R. has done many things for which it deserves credit; but if the management of the C.N.R. and the representatives of the taxpayers in the House of Commons believe this hotel in Montreal is something which will benefit all Canada, surely the clever and ultra-brainy Hilton organization could have been induced to erect their own hotel. If the idea of the construction of this hotel was not good enough for the Hilton people we should benefit by their refusal, and construct a hotel in Montreal to accommodate not only those people travelling on the C.N.R. but all people coming to Montreal. Surely we need not rely on the prestige of the Hilton people to channel tourists and other visitors to this beautiful new multimillion dollar edifice. If we need that force behind us the construction of the hotel is not worth while.

Let us not continue to display marvellous architects' drawings to the people of Canada. Let us get down to earth and start to exert some of the old-time energy that made the C.P.R. what it is today. Let private enterprise do those things that are necessary and which will be profitable. Let those who build them take their chances. Don't put the burden on the taxpayers. If it does not succeed, let it crash; and let those people who have not the ability to manage or have not the foresight to plan for the future take their medicine. They are taking it now all over Canada, and they are perfectly able to take it on a project of this kind.

I would like to ask this question. If a 1,000-room hotel is necessary, how much more necessary would a 500-room hotel be? When we build something of this kind in this country, consider the position Canada is now in. When we build this absolutely necessary project—something the whole country has been crying for, something without which Canada can never grow—we must go down and select foreign management for a government project for the first time in the history of Canada, I believe.

Let me say this to the members of the Liberal party. This is one of the worst slaps in the face this government has ever given Canada and the Canadian voters. I wish there were a by-election going on somewhere in Ontario. If there were, I would take on any Liberal and defeat him amongst the honest Canadians of Ontario on that particular subject, namely that the time had now come to use the Canadian taxpayers' money to build something we must have—the same as we had to have those hotels we are now selling—and that through the greatest stretch of imagination on the part of those in the government or the Canadian National Railways, they could not find competent management out of 15 million people in Canada.

If that is true the sooner we take the boundary line down and stop paying salaries for members of parliament in Canada, go south to Washington and join up with those people in the United States, the better. If the time has come when we have to go down there to seek management for an hotel, it has now become time to join up on all other projects in the same manner. Don't be afraid to face the facts if the facts are there. But they are not there, thank God. It is only the imagination of this Liberal government that has tolerated the management of the C.N.R. going down into the United States and bringing up foreign management for a Canadian project.

If that were true I would say there was no need to keep this parliament open. Let us go down and throw in our lot with them and let individual Canadians who have some guts left take their chances down there as Americans. I am sure we would not starve to death any more than we have starved in the past. There has never been a time when I have felt inferior to any American or to any foreigner, particularly when I was walking on my own, my native land.

I say this with all respect to the present management of the railroad and to the minister. I believe there has been a gross slip-up with regard to the idea of bringing in the Hilton people to manage this project. If it has been given the consideration it should have been given, and if it has one one-hundredth part of the merit we are led to believe it has, then I say you have shown a bad example to Canadians. You have taken the starch out of every decent young Canadian working for the Canadian National Railways. Out of 120,000 employees you say

you could not get managerial personnel. What a hope that is for these men down here in the Chateau Laurier, who either should be fired or promoted. If they are not competent, fire them. If they are competent, give them promotion. I am not speaking from the political angle—

Some hon. Members: Oh, oh.

Mr. Langlois (Gaspe): What a joke.

Mr. Ferguson: At least I am speaking with some degree of humour, apparently. There are some men who pay little attention to what goes on in the House of Commons. This is now bringing a little laughter to their lips. There must therefore be something in what I am saying when it creates a laugh even amongst those rubber stamps of the Liberal government. If I have done even that, I have done something.

I want to impress upon them that I am on my feet for only one reason. I believe Canada is a great country. I am disappointed about the unemployment situation as it exists today. I believe Canada should have 50 million people, with its terrific natural resources.

I am also firmly convinced that Canadians must stop looking for foreign aid. We have to stop living in prosperity brought about during the war. The first and second wars virtually put Canada on her feet. You cannot deny that. We made money when other people shed their blood. We did that to some extent. The two wars were the greatest experience Canada ever had. They brought manufacturing plants to this country that we would never have had today. In the eight years since the war we have been basking in the prosperity brought about by the fact that we were making munitions during the six years of war.

Mr. Richardson: Mr. Speaker, may I rise on a point of order? Perhaps the hon. member for Simcoe North (Mr. Ferguson) would like a rest for a moment. I have been reading Beauchesne. I realize that I am only a junior member and therefore full of ignorance. However, I want to learn.

Mr. Ferguson: Sit down and you will learn, all right.

Mr. Richardson: Beauchesne, third edition, citation 546, reads as follows:

When the house is engaged in nominating the members of a committee—

I understand that is the purpose of the resolution before the house.

—it is not competent for an hon. member to open the whole subject.

Mr. Speaker, could we have a ruling as to whether we have not gone quite a distance?

[Mr. Ferguson.]

I myself refrained from rising for quite a while because, as the member for St. Lawrence-St. George, I am much interested in the subject of hotels. But I am wondering whether we are not trespassing a little bit and getting somewhat far from the resolution that is at present before the house.

Mr. Ferguson: If my hon. friend had been here this afternoon he would have heard this matter settled. It was all discussed then.

Mr. Langlois (Gaspe): He was here.

Mr. Ferguson: If you are still of the same opinion—

Mr. Deputy Speaker: Order. I appreciate the remarks of the hon. member who has raised the point of order. It is my own impression that on a resolution of this kind we should attempt to discuss the advisability or inadvisability of setting up the committee. However, if one reads the debates on resolutions of this kind, one finds that in practice it is almost impossible to confine a debate so strictly.

In this debate today I am afraid that perhaps rather wide latitude has been allowed. While there is some merit in the point of order raised by the hon. member, I do not feel that I could at this time rule that the hon. member for Simcoe North was out of order. At this stage in the evening, however, I would request all hon. members to confine themselves, so far as possible, to the principle of the resolution, namely the advisability or the inadvisability of setting up this sessional committee.

Mr. Ferguson: Mr. Speaker, my friend the hon. member for St. Lawrence-St. George will, I am sure, have his wish fulfilled within the next five or six and twenty years. He will learn something in the House of Commons. If at times the hon. member feels as sincerely as I do, through the bitter experience of watching the slow growth of this country of ours, I hope he will voice his views in order to try to alter the opinions of those in power even when he finds himself, after the next election, in opposition.

Some hon. Members: Oh, oh.

Mr. Ferguson: Much gross mismanagement of Canadian affairs of the kind we are now seeing at the hands of the present government will bring about that very result. There are many people who feel like I do. They believe there is no reason for the management of Canadian National Railways to do what it is about to do. They feel that the example they are setting is a great detriment to the progress of Canada and is a bad example for the coming generation. They

believe it is taking away their ambition and the feeling that they can accomplish things in their own dominion.

One of our greatest troubles is that after we have paid for the education of our young Canadians they go south of the border to take positions. Here we have the case of a Canadian-owned railroad building the biggest hotel in Canada and employing foreigners to manage it. I say there can be no possible justification for such action. I say it is a slight to Canadians, and if the people of Canada knew the full facts of the case they would feel they had been slighted in such a way that they would never forgive this or any other government.

I am not trying to harangue the government. I am speaking as a member of the opposition to the government which, I believe, still has the power to let the Hilton people build their own hotel if they believe this enterprise is going to be as good as the government would lead us to believe the Hilton people are going to make it.

I am sure we shall live to see the day, and in the not too far distant future, when the government will be called upon to subsidize this very project in spite of the fact that the miracle workers from south of the border are going to manage it. You know, Mr. Speaker, I was looking over the statement of the Canadian National Railways steamship lines. I know they did not make any money. There may be all the excuse in the world for that, but in looking at their statement I see that there is a bond issue of $9 million guaranteed by the Canadian government. As a purchaser of bonds I know that simply means that these bonds are as good to the bondholders as Canadian government bonds. Canadian government bonds draw interest of 3 or 3¼ per cent. These bonds are paying 5 per cent and they mature, thank God, in the year 1955.

I am sure the public are getting fed up with guaranteeing bond issues for government corporations involving the payment of interest at 5 per cent when the Canadian government can borrow all the money it wants at 2½ to 3 per cent and lend it without interest to the steamship company. The minister has the report right there in his hands. Turn over another page and you will see it. The minister has already discovered it. I am sure when he sits over here in opposition he will remember my words.

An hon. Member: You will not be here.

Mr. Ferguson: We are being called upon to make this building possible so that people can live in the greatest hotel in Canada. There was a blunder in the first place in deciding to build it, and in the second place a grosser blunder has been made by appointing foreigners to manage it. Let Canada be for Canadians, for God's sake, and let us stop the nonsense of believing that Canadians cannot manage their own affairs.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I am tempted to say, with all due respect to the minister, that he should still continue to look at the page that was referred to, because in connection with the setting up of this committee there are two matters that I believe should be given special consideration this year. The first is Canadian National (West Indies) Steamships, Limited. I understand that last year in the committee and elsewhere word was given out that the operations of Canadian National (West Indies) Steamships, Limited, were to be discontinued. This matter was brought up in the house shortly afterward and the then minister of transport, with all due respect to him, landlubber that he was and not being too interested perhaps in the east coast, did say that the steamship service would be continued for another year.

From a quick look at the annual report we see that they have had a fairly successful year of operation. There is a slight deficit, but even with the pessimistic year to year outlook they have been able to put together quite a good year. In my opinion a considerable amount of time should be spent this year in examining the entire operations of the steamship company, and definite plans should be made for a long-range program.

I notice that money is to be taken from the replacement fund for the refinancing plans. I question the right to take money from the replacement fund that is not earmarked for new ships. I also believe that we should be making definite plans for new refrigerated ships and a further continuation of the service that means so much to us on the east coast.

There is also a lesson to be learned so far as the entire merchant shipping business is concerned. In my view a very pessimistic and wrong outlook has been taken. I think the successful year of operations of this steamship line just ended indicates what could be done for our merchant shipping generally if we had farsighted plans and a long-range program. Operations of the West Indies steamships line were planned for one year more. We were told that would be the end of the line, that it would be discontinued; yet even in spite of that they have had a very good year. I earnestly hope I may be present in the committee to see that this matter receives most serious consideration.

I should also like to refer to the present plans for discontinuance of branch railway lines. I have been given to understand that this is the first year that extensive plans have been made for the discontinuance of many such lines. While there have been some discontinuances out west in past years, this is the first time that wholesale plans have been made. In my constituency it was necessary to give notice of intention to abandon two small branch lines. The board of transport commissioners naturally were involved in the matter, and I think it is fair to say that they conducted a reasonably impartial and extensive inquiry.

It was my good fortune to be able to attend the hearings for part of the time, and two things came out of them upon which I feel the committee must give some direction with respect to future abandonment plans. The first concerns the policy of considering the entire revenue of the region in these matters. Second, there is the part that the future development of the area is to play in these abandonment plans. The hearing I attended was weak in so far as both these matters were concerned. I feel, Mr. Speaker, that these two matters should receive extra consideration this year.

Mr. Marler: Mr. Speaker—

Mr. Deputy Speaker: May I remind hon. members that if the minister speaks now he will conclude the debate.

Hon. George C. Marler (Minister of Transport): I should like to review as completely as possible, but at the same time as quickly as possible, the principal points which have come up during the course of the discussion of this motion. The first topic I have noted relates to the information given to parliament concerning railway matters. The first thing I should like to say is that there is certainly no desire on my part or upon the part of the government to conceal the facts relating to the management of the Canadian National Railways. If we had no responsibility whatever with regard to the management of the railways, then it would be very easy for us to respond to all inquiries without regard for the consequences.

However, Mr. Speaker, since we have responsibility for the Canadian National Railways there are certain rules we must observe, and it is for that reason that, though very often the correspondence between the Department of Transport or the minister and the Canadian National Railways has no particular implication, it has been the custom followed by the government, both when the Conservatives and when the Liberals were in power, to look upon this kind of correspondence as privileged. It is for that reason that, since I have been minister, I have opposed the adoption of motions requesting the production of such correspondence. It was not particularly because I wished to frustrate members of the opposition in their attempts to obtain the correspondence they wished to have, but merely because that has been the tradition.

I feel there are good reasons for it. I believe one of the obvious reasons is the fact that very often the information requested would prejudice the position of Canadian National Railways vis-à-vis its competitor. It is not, I believe, in the interests of the railway itself that it should be called upon to make public certain matters which have been the subject of questions or the subject of motions. There is another aspect of that too, Mr. Speaker, and that is that there are very often occasions when customers of the railway are dealing with it and when, in turn, the railway is dealing with suppliers, contractors and others, when clearly it would not be to the advantage of the railway that the details should be made public or that a customer should feel that all his affairs and all his dealings with the railway are subject to publication at any time.

I am quite sure that if hon. members had for a moment the responsibility of deciding whether or not information concerning the railways should always be made public, they would realize there are many instances in which it would not be in the interests of the railway that such information should be made known and thus given to its competitor, the Canadian Pacific Railway. No one, I think, would suggest that the same information would be made public by the Canadian Pacific Railway, either normally or during the course of a shareholders' meeting.

Now, Mr. Speaker, I feel the same remarks are pertinent to replies to questions that have been asked during the course of this session. Certainly so far as I am concerned I have sought to obtain the information when questions have been asked and I have believed it proper to reveal the information to parliament. I believe I should say a word about the answers that have been given. First of all, I should like to say that none of the information I have given has had any other origin than the Canadian National Railways. In other words, though it has been implied on one or two occasions that perhaps I was providing the facts, I want to assure hon. members that such is not the case.

I have in my hand the answers to six questions which were put concerning employment on the Canadian National Railways. On reading them I notice that in each case the reply states that "the Canadian National Railways advise as follows", and then the information follows. I assure hon. members that the source of the information is not my imagination, but is the records of the Canadian National Railways. I believe the information given is truthful and accurate; otherwise, as the responsible minister, I should not give it to the house.

I should like to say also that no answer has been given while I have been minister that I have not examined personally. I want to say, therefore, that I accept full responsibility for the language used in all the answers which have been given. I have reread them since the debate this afternoon, and while I might perhaps be a somewhat prejudiced observer, I do not believe any fair-minded person would say that the answers given were arrogant, or that they suggested the minister lived in an ivory tower and wished to withhold information, except under the circumstances to which I have already referred.

On this same subject of questions I should like to say that a number of questions have been put concerning lay-offs by the Canadian National Railways. I am quite sure hon. members will appreciate the difficulties that arise from the use of this term "lay-off". As I understand it, if the railway discharges an employee and immediately engages another in his place, there is in fact a lay-off and there is also the engagement of a new individual. Consequently when members ask for information concerning lay-offs, it seems to imply a consideration of all the cases where the services of an employee have been dispensed with or where he has voluntarily retired.

We have not, in the Department of Transport, endeavoured to avoid giving information concerning employment with the Canadian National Railways. The difficulty has arisen when questions have been asked that would have involved special research on the part of the railway staff. If any member had made a case for having special information concerning a particular date, I think we would have endeavoured to obtain that information. We have received information as to the total number of employees on the railway at the middle of each month. Whenever questions have been put and the records of the railway company would permit us to give an answer in that way, we have made no effort whatever to conceal the facts concerning employment figures.

Not very long ago the hon. member for Winnipeg North Centre asked about employment during the month of February. I must say I was sorry I was not able at that time to furnish the information, for the simple reason that the information was not then available. In fact it was only this afternoon that I was able to obtain information with regard to the level of employment in the middle of February. I would have liked to give that information to the hon. member for Prince Albert who, I am sorry, is not in his seat at the moment. Had he been here I would have told him that at February 15 employment in the Canadian National Railways was 102,262, which shows very little difference from the figures for January, 1955.

I do not want unduly to prolong the discussion, but I think hon. members would be interested to know that there are very marked fluctuations in the level of employment in the Canadian National Railways. If I might merely put a few examples on record, I believe they would serve to demonstrate the difficulty of arriving at any very positive conclusions from the number of persons employed at any mid-month point.

For example, in March of 1952 the employment level was 118,561, whereas in the following month it was 113,375. One would have thought that meant a tremendous number of lay-offs. Yet only a few months later in the same year the total was back to 120,095 employees which, up to that time, was probably an all-time high in employment on the railroad.

I notice that as between the highest and lowest month of that year there was a difference of some 6,700 employees, while in 1953 there was a difference of some 11,000 and in 1954 of some 6,000. So the figures from month to month can be very misleading. And it is a fact that, though August seems to be the month of peak employment—a fact which I am sure hon. members will understand—the month of minimum employment seems to vary and is not always the same every year.

At all events I would say that we do not wish to conceal any information concerning employment with the Canadian National Railways, and if questions are asked concerning employment at mid-month dates it is usually not too difficult to provide the information hon. members desire to have.

Then the hon. member for Greenwood referred to the board of directors of the Canadian National Railways. I think I shall merely say to him tonight that there is on the order paper legislation to consolidate into one statute the various enactments relating to the Canadian National Railways, and he will

have an opportunity to debate the matter fully when that legislation is under consideration.

On the subject of pensions, to which a number of hon. members have referred, I think I can only say that the subject was covered very fully last year by my predecessor, Hon. Lionel Chevrier; and after reading with a good deal of care what he said, as it appears at page 3125 and following of *Hansard* for last year, I do not believe I can say it either more eloquently or more clearly than he did. I have also had the opportunity to read the remarks on the same subject by Hon. Douglas Abbott, who was my predecessor in the House of Commons for the constituency of St. Antoine-Westmount, and who held the portfolio of finance. His remarks are to be found at page 2576 of *Hansard* for last year. Consequently I do not believe I would be doing more than taking up the time of the house if I were to reiterate the views these two gentlemen expressed so clearly last year.

I should like also to touch on the question of the inquiry into the accident which befell the Super-Constellation aircraft at Brampton late last year. It was my original intention to hold both a technical and a public inquiry into the causes of this accident. However, after I had had the opportunity of reading the evidence and the report of the technical board, and after the officials of my department had given extended and careful study to the evidence and the report—which may I say in passing was tabled in the house, made public and available to the newspapers—it seemed to me that a public inquiry could have no result other than to duplicate what had already been done by the technical board.

Before the inquiry of the technical board was initiated it did seem to me there might be some very real doubt as to what was the cause of the accident. I think it is a fair statement to make, after reading the evidence and the findings of the commissioners, that there could really be no doubt as to the cause of the accident. I thought possibly, too, originally, there was some possibility that officials or employees of the Department of Transport had been at fault. I would like to assure the house that had the technical board ascertained any facts which showed fault on their part, even though it might have seemed to be a duplication of effort I would have felt that a public inquiry should be held, so the public would be fully aware of the fact and could see to what extent my department was at fault.

However, after reading the evidence most carefully I came to the conclusion, just as the commissioners did, that my department had not been at fault. Consequently that was another reason which seemed to me to justify more than adequately the decision I came to afterward, namely not to hold a public inquiry. It also seemed to me—and perhaps I might be accused of being too sympathetic to the pilot—that a public re-examination of all the facts brought out before the technical board might easily be regarded as a persecution of the pilot, rather than an attempt to throw new light on the subject. I would tell hon. members that the case of the pilot is under consideration by my department, and I assure them that his case will be studied sympathetically, and that the treatment he will receive will be just and fair.

I think the hon. member for Winnipeg North Centre and I would reach different conclusions on the evidence. I do not think perhaps there is any difference in sympathy between us, so far as the pilot is concerned. But I must say that, having read the evidence, I do not reach the same conclusions he does; and I do not think the conclusions to be drawn from the evidence are other than those to which the board came itself. I should like to remind the house that the board consisted of three aeronautical specialists: D. W. Saunders of Toronto, who is district superintendent of air regulations of the Department of Transport, a former pilot and one of Canada's first flying instructors, who acted as chairman in this instance; Dr. J. J. Green, M.B.E., of the defence research board, who is also an experienced aeronautical engineer and who until recently was scientific adviser to the chief of staff for air; and Group Captain Leigh, a member of the R.C.A.F., who was head of the R.C.A.F. auxiliary group in Toronto. I think the quality of the three men whose names I have just mentioned is a guarantee both of the independence of the board itself and of the impartiality with which the inquiry was conducted.

Mr. Knowles: Would the minister permit a question? In view of his expressed sympathy for the position of the pilot, would he care to comment on the fact that at the hearings the pilot had no counsel? There was no one representing him or advising him in any way. Would the minister care to comment, particularly in the light of some of the questions put to the pilot?

Mr. Marler: I do not think I should comment on that at the moment. I think really it comes back to the evidence given before the board. I think I should say quite candidly to my hon. friend that I do not entirely share his view with regard to the questions. He read some to the house this afternoon and I did not detect any unfairness in the

questions. I do not believe it was anything but the fairest and most impartial inquiry by the technical board.

Some comments were made during the course of the debate, I think by the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher), about T.C.A. flying over military airfields. I say with deference that I do not really believe that subject is pertinent to the motion we are now considering. I would feel at a disadvantage if I attempted to reply now to what the hon. member said, for the simple reason that I would necessarily have to go far beyond the limits of the present motion in order to do so. I do not wish to evade my responsibilities to discuss the matter, but I would prefer an occasion when I would be within the rules of this house in giving a full explanation and replying fully to my hon. friend.

There are just two other matters to which I should like to refer. A number of hon. members have spoken of the arrangement for the management of the new Canadian National hotel in Montreal. I think I shall merely say in that connection that the Canadian National Railways made public, I think approximately on November 15, a very full statement regarding the parts of the arrangement with Hilton which they believed ought to be made public. I should like to say that no pressure whatever was exerted at any time upon the management of the railway to make an arrangement with the Hilton people. The decision which has been taken is a free decision of the management of the railway, and no pressure of any kind has been brought to bear upon the management by the government.

Mr. Hamilton (Notre Dame de Grace): Would the minister permit a question?

Mr. Marler: I think if my hon. friend would wait until after I have dealt fully with the subject it would be better. I would have no objections to questions then. I might say that I did not interrupt him, although I felt very much tempted on several occasions to do so.

Mr. Hamilton (Notre Dame de Grace): You are an unusual minister in that.

Mr. Marler: In my political life I have always found that patience is a useful virtue to cultivate, and since listening to my hon. friend I have been endeavouring to cultivate it intensively.

I think hon. members will realize that the setting up of this committee affords them an excellent opportunity of discussing with the officers of the railway the arrangement which has been made concerning the management of the hotel, and of putting questions which they believe they have the right to ask in order to elicit information which they think is necessary in order to pass judgment on the merits or otherwise of the arrangement itself. I have a feeling that Mr. Gordon, chairman of the board, will probably be able to convince those who are willing to approach the matter with an open mind. I think not only that he ought to be able but that he will be able to persuade fair-minded people that the arrangement which has been made is in the interests of the railways and is advantageous to them.

So much has been said on the subject that I would like merely to quote two references, which are quite brief. In the 1954 report of the Canadian National Railways, which was tabled last week, paragraph No. 71, one of the four referring to the new hotel, reads as follows:

> This specialized form of patronage can be secured only through a vigorous sales organization extending into all of the principal cities of the United States where the great majority of conventions originate. The Canadian National has been able to retain the services of such an organization on very favourable terms through an agreement with Hilton of Canada, Ltd., the Canadian subsidiary of Hilton Hotels Corporation. Through this management contract, there will be brought to the new hotel and to the Canadian National system generally the extensive solicitation facilities of the world's largest hotel operators, and the special skills of an organization already pre-eminent in the American convention business.

I should like to quote just a few paragraphs from an editorial which appeared in the January, 1955, issue of the *Hotel and Restaurant* magazine published in Toronto, as follows:

> They tell us that many Canadians were both shocked and surprised to learn that America's leading hotelman, Conrad Hilton, will take over the management of the new $20 million Queen Elizabeth hotel in Montreal when the C.N.R., its builder, opens it in 1957.
>
> That's a lot of baloney.

Those are the words in the editorial; that is not my language.

> Let's look at it this way: Who else but Sheraton and Hilton can do the type of a selling job that will be required for this hotel? And Sheraton already has two big establishments in the city.
>
> Surely it would be foolish not to take full advantage of the facilities the Queen Elizabeth will offer for the staging of the largest conventions. That is what it is being built for and that is what it must be run for. How can masses of American conventioneers and tourists be attracted without a big, hard-working, widespread selling organization operating for the hotel south of the border?
>
> Let's think for a moment of the hotelmen who are now operating in Montreal. Would you want to see them competing against this big, luxurious, new hotel, against its tremendous financial advantages (as outlined in our July editorial) for the Canadian business? Or would you want to see

them benefiting from the flood of U.S. business that perhaps only Hilton can bring into this country?

I am quite sure that any words I might utter this evening will not convince hon. members opposite that what they said this afternoon and evening should now be unsaid, but I do hope the meetings of the committee will afford them an opportunity of going into the matter and perhaps forming a new opinion with regard to the arrangement, and also perhaps convincing themselves as I have been convinced that it is a good arrangement for the railways and therefore a good arrangement for the people of Canada.

I should like to say just one or two words more. The hon. member for Lake St. John (Mr. Gauthier) and the hon. member for Chicoutimi (Mr. Gagnon) spoke this afternoon with regard to the proposed branch line from St. Felicien to Chibougamau. I think I should say that at the present time it is not possible for me to add anything to what was said by my predecessor, Mr. Chevrier, during the discussion on the bill last year.

I offer my apologies to the hon. member for Chicoutimi for replying to him in English rather than in French, but I do so because it is necessary to quote a letter in English. This afternoon he spoke about the traffic guarantees which are required. He certainly left the impression that it was the opinion of those in the lake St. John area that the necessary guarantees which had been arranged by them were more than sufficient to justify the building of the line. I do not want to dispute any statement that he might have made concerning the impression which existed either in Chicoutimi or Roberval, but not very long ago one of the persons who had been particularly interested in the subject sent me the last letter which he had received on the subject. Whether he misunderstood it or whether I misunderstood him, I do not know; but after describing the traffic he went on to say:

You will recall that in our meeting at Quebec I stated that the additional traffic which I then understood the local firms were prepared to guarantee—

I will skip the details.

—was not sufficient to justify the construction of the line.

It was not sufficient, Mr. Speaker. In other words, those who have made representations concerning traffic guarantees in relation to this branch line have been told that what they have offered did not constitute a sufficient guarantee from an economic point of view. I wish to say for the benefit of the hon. member for Chicoutimi and also the hon. members for Roberval (Mr. Villeneuve) and Lake St. John, who have manifested a continuing interest in the subject, that the matter has been under continuous study since I have been Minister of Transport and I may say that it is receiving most sympathetic consideration. As soon as it is possible to make a constructive announcement on the subject I shall be glad to do so.

Mr. Speaker, I am sorry I have taken rather a long time replying to the comments of various hon. members. I was interested in the reflections of the hon. member for Simcoe North (Mr. Ferguson) concerning the West Indies steamships. The reason I took out a copy of the report and read from it was not to verify the fact he alluded to concerning the maturity of bonds in 1955, with which I was quite familiar. I was looking back to see whether the bonds which then carried a rate of interest of 5 per cent had been issued at a time when that was the prevailing rate for money. It seemed to me they were issued quite a long time ago, and I do not believe it would be reasonable to suggest they should have been paid off earlier than the date upon which they could have been called. Since they could not be redeemed before 1955 they are being redeemed in 1955. That was the fact I was endeavouring to check by rereading the report. I might assure my hon. friend that I had read the report before.

Mr. Macdonnell: Would the minister permit a question?

Mr. Marler: Certainly.

Mr. Macdonnell: When the minister was discussing the question of the hotel and referring to the meeting of the committee, I would like to know if I was wrong in getting the impression that he thought the information would be available when we got to the committee so we could fully understand the proposed transaction and, as he expressed the hope, be convinced by it. There apparently has been some question about the information, and I am anxious to ensure that when we get to the committee we shall not be frustrated by the want of it.

Mr. Marler: I can give the house no assurance that the committee will have the contract with Hilton, the production of which was refused by me earlier. Just offhand I am not able to say to what extent the management of the railway will consider that it is able to give any information in addition to that which has already been made public, on November 15. I do not propose to anticipate what will be the position of the committee. I think hon. members will have to

allow the committee to sit and questions to be asked, and then the committee will decide to what extent the questions ought to be answered. No doubt the management of the railway will tell us to what extent they feel they can answer them.

Mr. Macdonnell: I would just venture to call to the minister's attention the fact that this committee is empowered to send for papers, persons and records, which was not the case with a certain previous committee.

Mr. Marler: That fact did not escape me.

Mr. Hamilton (Notre Dame de Grace): Would the minister permit a question?

Some hon. Members: No.

Mr. Hamilton (Notre Dame de Grace): Just a quick one. In his remarks the minister indicated that the arrangement with Hilton has been a matter of railway management, and the decision had been arrived at by the railway management. Would he indicate to the house whether the government as such is in agreement with this policy and the action which has been taken?

Mr. Marler: The government considers that the subject was a matter which should be decided by the management and, believing that, it allowed the management to decide it in accordance with the provisions governing the administration of the railway property.

Mr. Bell: Mr. Speaker—

Some hon. Members: Order.

Mr. Bell: May I ask the minister one question? Would he care to say now whether the Canadian National (West Indies) Steamships Limited are to be on a one-year basis again this year?

Mr. Marler: I would say the matter is under consideration at the present time.

Motion agreed to.

REFERENCE OF ANNUAL REPORTS, CERTAIN ESTIMATES, ETC., TO RAILWAYS AND SHIPPING COMMITTEE

Hon. George C. Marler (Minister of Transport): If I might have leave to revert to motions, I would like to move:

That the annual reports for the year 1954 of the Canadian National Railways, the Canadian National (West Indies) Steamships Limited, the auditors' report to parliament in respect of the Canadian National Railways and Canadian National (West Indies) Steamships Limited, tabled on March 21, and the report for the year 1954 of the Canadian National Railways securities trust and the budget for the year 1954 of the Canadian National Railways and Canadian National (West Indies) Steamships Limited, tabled this day, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government, together with the following items of estimates for 1955-56:

Vote 469, Prince Edward Island car ferry and terminals deficit, 1955;

Vote 473, North Sydney-Port aux Basques ferry and terminals deficit, 1955;

Vote 478, Maritime Freight Rates Act;

Vote 479, Canadian National (West Indies) Steamships Limited, deficit, 1955;

And that the resolution passed by the house on February 4, 1955, referring certain estimates to the committee of supply be rescinded so far as the said resolution relates to votes 469, 473, 478 and 479.

Motion agreed to.

WAR VETERANS ALLOWANCE ACT

AMENDMENTS TO INCREASE ALLOWANCES AND PERMISSIBLE INCOME, ETC.

The house in committee on Bill No. 164, to amend the War Veterans Allowance Act, 1952—Mr. Lapointe—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Definitions.*

Mr. Brooks: I wonder whether the minister or his parliamentary assistant is going to make a statement at this time?

Mr. Bennett: I had not intended to make any statement. This bill has been considered carefully by the special committee on veterans affairs. I think there are full explanatory notes with the bill before the committee.

Mr. Brooks: Mr. Chairman, I wish to make a few remarks on this bill. It is now five minutes to ten. I was wondering whether we might call it ten o'clock?

The Chairman: Is it agreed that I rise, report progress and request leave to sit again?

Some hon. Members: Agreed.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris moved the adjournment of the house.

He said. Tomorrow we shall begin with the adjourned debate on the motion to go into supply.

Mr. Green: May I ask the minister whether it is the intention to go on with supplementary estimates at eight o'clock?

Mr. Harris: I would hope, Mr. Speaker that before the day is out we could find that we could perhaps wind up some of the business of the house. I would be prepared to postpone consideration of the supplementary estimates if we could find a way of doing that. However, if there is no possibility of doing so we shall take the estimates late tomorrow night. Otherwise they might go over until the following day.

Motion agreed to and the house adjourned at 9.55 p.m.

HOUSE OF COMMONS

Tuesday, March 29, 1955

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

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

RAILWAYS AND SHIPPING—CONCURRENCE IN FIRST REPORT

Mr. H. P. Cavers (Lincoln) presented the first report of the sessional committee on railways and shipping owned, operated and controlled by the government, and moved that the report be concurred in.

Motion agreed to.

INTEREST ACT

AMENDMENT TO PLACE CEILING ON INTEREST RATES

Mr. H. R. Argue (Assiniboia) moved for leave to introduce Bill No 303, to amend the Interest Act.

Some hon. Members: Explain.

Mr. Argue: The purpose of this bill, Mr. Speaker, is to place a ceiling on interest rates that may be charged, providing a maximum of 12 per cent per annum.

Motion agreed and bill read the first time.

SMALL LOANS ACT

AMENDMENT TO REDUCE COST OF LOANS

Mr. H. R. Argue (Assiniboia) moved for leave to introduce Bill No. 304, to amend the Small Loans Act.

Some hon. Members: Explain.

Mr. Argue: The purpose of this bill, Mr. Speaker, is to provide for a reduction of the rate of interest or cost of loans provided under the Small Loans Act from 2 per cent per month to 1 per cent per month.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 286, for the relief of Joseph Alexandre Roland Simard.—Mr. Hunter.

Bill No. 287, for the relief of Winnifred Blanche Brook McGurk.—Mr. Hunter.

Bill No. 288, for the relief of Gitel Shepsel Moscovitch.—Mr. Hunter.

Bill No. 289, for the relief of Susan Frosst Cohen.—Mr. Hunter.

Bill No. 290, for the relief of Norma Constance Parsons Lindsey.—Mr Hunter.

Bill No. 291, for the relief of Erna Reiter Kastelberger.—Mr. Hunter.

Bill No. 292, for the relief of Nickola Bochna, otherwise known as Nicholas Bockan. —Mr. Hunter.

Bill No. 293, for the relief of Robert Fraser Callahan.—Mr. Hunter.

Bill No. 294, for the relief of Ruth Barsuk Cohen.—Mr. Hunter.

Bill No. 295, for the relief of Bernice Noble Comm.—Mr. Hunter.

Bill No. 296, for the relief of Francis Ambrose Higgins.—Mr. Hunter.

Bill No. 297, for the relief of Elizabeth Coyle Ellis Gibbons.—Mr. Hunter.

Bill No. 298, for the relief of Blanche Mary Shurge Labelle.—Mr. Hunter.

Bill No. 299, for the relief of Beatrice Teressa Mathewson Connell.—Mr. Hunter.

Bill No. 300, for the relief of Joyce Hilda Street Janson.—Mr. Hunter.

Bill No. 301, for the relief of Joyce Gertrude Haworth Rawlings.—Mr. Hunter.

Bill No. 302, for the relief of Jean Eudes Deschenes.—Mr. Hunter.

EXTERNAL AFFAIRS

PRESS REPORTS OF IMMINENT ATTACK ON QUEMOY AND MATSU

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Is there any foundation for the general statement that is being made in the press of the United States that an imminent attack on Quemoy and Matsu by red China is anticipated? Would the minister say whether he has any information that would confirm or deny this statement. Would he also give a general résumé of the present situation relative to those two islands.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I have seen the reports to which my hon. friend refers

and I have no information from any official quarter which would confirm them or that an attack on these islands is imminent. Of course, in the present situation it always remains a dangerous possibility. As far as our policy in respect to this matter is concerned it has already been made clear, and I do not think I need repeat it here, that if an attack were made on these offshore islands it would not involve the intervention of the Canadian government.

VETERANS AFFAIRS

SUGGESTED PAYMENT OF INCREASED ALLOWANCES IN APRIL

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, may I address a question to the parliamentary assistant to the Minister of Veterans Affairs. I did not notify him of my intention to ask this question because I did not think it required notice. Is it the intention of the government to amend Bill No. 164, to amend the War Veterans Allowance Act, to make the allowance payable in April regardless of whether or not that bill is passed in March?

Mr. C. E. Bennett (Parliamentary Assistant to the Minister of Veterans Affairs): The hon. member is wrong, in that I do require notice of this question. I shall bring it to the attention of the minister and will let the hon. member know in the near future.

INQUIRY FOR RETURNS

ARMED FORCES—STRENGTH—RECRUITING

On the orders of the day:

Mr. D. S. Harkness (Calgary North): Mr. Speaker, I should like to ask the Minister of National Defence when I might expect to receive answers to two questions which were passed as orders for returns on February 28 and which concern entirely the Department of National Defence.

Hon. R. O. Campney (Minister of National Defence): I was not aware that any of our orders for returns were delinquent. I shall look into the matter.

FISHERIES

REPORTED DAMAGE ON NORTH SHORE OF LAKE ERIE

On the orders of the day:

Hon. James Sinclair (Minister of Fisheries): Yesterday the hon. member for Elgin (Mr. McBain) asked my parliamentary assistant whether I was aware of the widespread storm damage caused to the fishing industry on the north shore of lake Erie and whether representations were made to me by fishermen's associations or by the provincial government.

I am aware of the damage that was done last week. The hon. members for Kent, Ont., (Mr. Huffman) and Norfolk (Mr. Anderson) brought to me wires from fishermen's organizations. I pointed out to them, however, that both commercial and sport fishing in the province of Ontario are entirely under the jurisdiction of the province, other than the inspection of fish at points of export. I told them that the practice in the provinces where we do control the fisheries is for the provincial government to assess the storm damage. If the province decides to assist, and the amount of assistance is beyond the financial capacity of the province, the federal department of fisheries has assisted.

TRADE

LEAD AND ZINC—REPORTED INCREASE IN UNITED STATES TARIFFS

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs. Yesterday I asked him if the government had lodged a protest with the United States government about the possible restrictions against imports into that country of lead and zinc. At that time he said he would take the question as notice and give an answer today.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, when proposals of this kind were made previously in Washington, which would have increased the duty against Canadian imports of lead and zinc, official representations were made. Since then a new proposal to this end has been put forward. It is at present only a proposal, made in connection with the consideration of a congressional bill. However, since this proposal was advanced our views on the matter have once again been brought to the attention of the United States authorities and our position has been restated and, I hope, reinforced.

OIL—INQUIRY AS TO ACTION ON UNITED STATES RESTRICTIONS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I should like to direct a question to the Minister of Trade and Commerce. Has the minister yet received any communication in regard to the request for the release of the reply of the government of the United States to the representations made by the

government of Canada in connection with the movement of oil across the border from Canada to the United States?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, as I stated at the last sitting, a reply has been received. This reply can only be made public with the permission of the sender. We have asked for that permission but, to the best of my knowledge, a reply to that request has not been received.

HOUSE OF COMMONS

REFERENCE TO SESSIONAL PAPER NO. 80-C

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour with respect to sessional paper No. 80-C which he tabled on Thursday, March 24. He will recall that he and I agreed that representative communications would be satisfactory with regard to the subject matter of the return, namely unemployment, rather than all the communications. In view of the fact that in these documents there is no communication from Winnipeg, will he not agree that it is hardly representative and will he bring down a supplementary return?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I shall be glad to see that any representative documents from Winnipeg are added to those the hon. member has in his possession.

Mr. Knowles: Thank you.

GRAIN

WHEAT—REFERENCE TO CANADIAN PERCENTAGE OF WORLD SALES

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Would the minister care to comment on the fact that the percentage of Canadian wheat sales to world wheat sales is down? Would the minister care to say whether Canada's percentage of such sales is likely soon to be recovered?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, my hon. friend has sent me a document entitled *The Wheat Review*, published by the department of which I am minister, which shows that for the full year last year Canada supplied 42 per cent of the world's wheat and that for the first six months of this year Canada supplied 36.1 per cent of the world's wheat. May I say that the figures are not comparable. The shipment of wheat from Canada is largely seasonal. Our ports are closed, except for the Atlantic ports and Vancouver, from about December 10 until some time in April. We have a heavy movement booked out of the St. Lawrence for the opening of navigation and I have no reason to believe that, when the year ends, we shall not hold our percentage of total world sales. I may say that in some markets our percentage of sales is well ahead of last year.

Mr. Argue: I wonder whether the minister would take a second look at those statistics. If he will do so, he will see that the periods quoted in each year are the same periods, and not a part of the year against the whole year.

SUPPLY

The house resumed, from Wednesday, March 23, consideration of the motion of Mr. Harris for committee of supply, and the amendment thereto of Mrs. Fairclough, and the amendment to the amendment of Mr. Regier.

UNEMPLOYMENT

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, in the earlier part of my speech in this debate last Wednesday I referred to the rapid growth in recent years of western Canada's oil and gas industry, and to its importance in creating jobs for Canadians. Today this industry is directly and indirectly supporting some half a million Canadians, of whom about 300,000 are in the west. Continued growth of the industry—which is inevitable provided there is the incentive of expanded markets on an economic basis for its oil and gas—could rapidly expand the number of Canadian jobs and the number of Canadian families supported by this industry. Many thousands of additional jobs could, in fact, be created in Canada over the next few months by the natural gas phase of the oil industry if this government would remove the shackles of political expediency with which it has tightly bound up this resource.

Only one man in Canada, namely the Minister of Trade and Commerce (Mr. Howe), has been in the position of power to wrap the shackles around gas. He is today perhaps the only man in Canada with sufficient power and influence to tear off the shackles. Under the circumstances, I must attach to him the credit, if credit it be, for the gas mess the nation is in today and the credit, if credit it be, for the disappearance of the thousands of jobs that so many Canadians had counted on to start in 1955. These gas shackles I will therefore label "Howe's folly", in doubtful tribute to a man whose

many real and great contributions to Canada must now be somewhat dimmed by the unrealistic thinking that produced his natural gas policy.

That does not mean that "Howe's folly" will not create any new jobs in Canada this year. It could, for example, put a stenographer or two to work preparing dismissal notices for a considerable number of western Canadians working for companies with shut-in gas reserves, or on drilling rigs that need no longer be kept at work drilling more gas wells to join the hundreds already shut in. These notices might read: "Gas jobs cancelled by Howe's folly. Glory be to nationalism and Howe". We can also put some sign painters to work painting signs to decorate several score idle gas fields in western Canada. Some of these signs, to be different, might read: "This gas field is graciously permitted to remain shut in, by authority of the Canadian government, in order that it may have the privilege some day, some way, of serving the nation".

Then of course we shall need signs for the information of job seekers who have been looking forward to starting work this spring building gas gathering and transmission pipe lines from Alberta to Winnipeg and southward; who have been looking forward to building distribution systems in Moose Jaw, Regina, Brandon, Winnipeg and other western communities; to building some more eastern Canadian transmission pipe lines in southern Ontario and perhaps also through to Montreal and Ottawa; and to expanding gas distribution systems in many southern Ontario and Quebec communities. Those signs might be for the information of the host of Canadians who had looked forward to new jobs in the manufacture of line pipe, or in the manufacture, transport, sale or installation of gas furnaces, stoves, water heaters and other appliances. These signs could keep a few painters working, for there are a great many national employment service, utility, contractors' and manufacturers' offices where the signs might be hung. These signs might read: "Howe's folly still in; jobs still out—but give thanks for unemployment insurance".

Of course, Mr. Speaker, it may still be possible to get gas and jobs unshackled this spring. Maybe the Minister of Trade and Commerce will suddenly see the light, and apply to gas the same realistic and sound thinking he has previously applied to many other Canadian problems. Maybe the members of his cabinet who in recent weeks successfully resisted his demand that an all-Canadian pipe line be built with backing of the Canadian taxpayer will now persuade the government to put gas in its proper light, and regard it as simply one of several competing fuels, in increasingly surplus supply, and desperately needing freedom to market in an economic way; and that means yanking down the barriers erected by Canada at the international border to its south.

Mr. Prudham: You are more interested in American jobs.

Mr. Nickle: Because maintenance of present jobs is important to Canada and creation of more new jobs is even more important, I hope the minister and/or his colleagues will act quickly enough to beat the fast approaching deadline beyond which no project can be started this year. As of now, there are only a few days left. After that? Oh well, the 1956 construction program is only a year away and maybe job-hungry Canadians will not mind waiting.

But in fairness to the Minister of Trade and Commerce (Mr. Howe) I should like to explain what I mean by "Howe's folly", as well as outline what can be done to replace folly with common sense. To do that, let me first quote from the speech made in Dallas, Texas, last night by an outstanding Canadian, Arnold Heeney, our ambassador to the United States. I presume Mr. Heeney spoke officially for the government. Mr. Heeney had this to say in Texas last night with reference to oil and gas:

> But when full provision has been made for Canada's own foreseeable requirements, we will still have large surpluses of those two energy resources. It is our hope that they can be exported to the United States and used to fill such shortages as are apparent or may develop in this country. Here, as so often, wide scope would seem to be left for profitable co-operation between the two countries even after each government has given first consideration to the needs of its own citizens.
>
> From time to time we in Canada have been disturbed by doctrines expressed in the United States which, if applied in full rigour, would seem to make such sensible co-operation impossible. In addition to the difficulties we have been encountering for some time with regard to natural gas, we have been disturbed by recent efforts to restrict imports of crude oil into the United States.

That is one quotation from the speech last night by Canada's ambassador to the United States, a speech delivered, I presume, with the full approval of the government and expressing the government's policy. May I say that I fully agree with the conclusion of Mr. Heeney, which I presume is now shared by the government, that Canada will still have large surpluses of both gas and oil over and above Canada's needs which will have to find markets in the United States. In general, this government has fully recognized that fact in regard to oil and has thus permitted oil pipe lines and market planning on economic, international lines. But unfortunately its whole

policy on gas has been based not on recognition of surplus but on fear of shortage, not on international co-operation but on denial of economic sense in favour of nationalism.

There was one statement made by our ambassador to the United States in Texas last night which I am sure many people in that country will find, as I do, closely resembles a three dollar bill because it is just as phony as a three dollar bill would be. That is the argument contained in these words in Mr. Heeney's speech:

> From time to time we in Canada have been disturbed by doctrines expressed in the United States which, if applied in full rigour, would seem to make such sensible co-operation impossible.

He referred directly to the problems related to the marketing of Canadian natural gas. Our problems having to do with the marketing of Canadian natural gas are in no way due to conditions created in the United States. They are 100 per cent due to the policy of the government in placing artificial restrictions upon the movement of gas on economic lines and the policy of the government to completely disregard economic factors in planning for the marketing of Canada's surplus gas.

Just as will the Americans who are going to digest Mr. Heeney's speech, I should like to point out in what way the government of Canada and those in charge of things in the United States have acted on this general principle of co-operation between nations in regard to gas and oil. In 1952 the Minister of Trade and Commerce made a statement in the house in reply to a speech by me in which he stated conclusively that based upon his findings co-operation between the United States and Canada in matters related to natural gas was not possible. A few months later, in October, 1953, the federal power commission of the United States offered a supply of gas for a long-term period to the city of Toronto. It took six months, until March, 1954, for the federal government to finally decide that the offer of American gas for Toronto made common sense and would best serve the interests of this country.

Then we find the argument expressed so often on both sides of the house that we cannot trust the Yankees to allow a Canadian pipe line between Canadian gas fields and Canadian markets to pass over United States soil. We find that as a result of that policy of the government the federal power commission in Washington decided in June, 1954, against allowing Canadian gas to serve the northwestern United States, a market without which no pipe line would be possible to service the needs of British Columbia. Why did the federal power commission of the United States turn down Canadian gas? For one reason. They turned it down because of the policy of the government in refusing to give the United States security of either supply or price. In effect we were asking United States consumers, through their federal power commission, to accept Canadian gas offered by us with one hand with at the same time the Canadian government holding a meat cleaver in the other hand to chop off the hand of any Yankee who reached out for that Canadian gas. We reserved the right, without even a public hearing, to cut off the flow of gas at any time, to curtail it, or to impose a prohibitive export tax.

After all the damage was done the government finally saw the light. Two years after I called this matter to the attention of the house and the government, the government introduced amendments to the Electricity and Fluid Exportation Act last month which finally removed the barriers to common-sense arrangements for the sale of gas to the United States offering security of supply and price to the American consumer which had been responsible for the loss of the northwest Pacific market. We come now to recent months and we find the Trans-Canada Pipe Lines project which, on the basis of a great deal of information available to the government from a great many sources, was not economically sound, a project which the government, on the basis of the information it had in its possession two years ago and supplemented last year, was a project that would have to be subsidized by the Canadian taxpayers and its bonds guaranteed by the Canadian taxpayers in order to make the project feasible.

All those facts were disregarded, the Stanford survey, the three Bechtel surveys, the conclusions of the gas utility companies of eastern Canada and several other surveys, including one made for the Ontario government a year ago, all of which condemned an all-Canadian pipe line as uneconomic. It was recognized by Trans-Canada Pipe Lines itself that access to the middle western United States market was vital to the economic success of any pipe line from Alberta. So what happened? With the full knowledge of the government months ago that the project was not sound, Trans-Canada went before the federal power commission in Washington to ask permission to enter the Minneapolis market. Under the rules of that commission, sound rules based upon proof of the economic soundness of any project, based upon proof of gas reserves and so forth, the federal power commission should have thrown out holus-bolus Trans-Canada's application last month because Trans-Canada had neither the

gas to sell nor places to sell it in eastern Canada. They had no contracts, nor did they have the finances with which to build the line. What did the United States federal power commission, which according to the statement of opinion expressed by Mr. Heeney on behalf of this government was opposed to Canadian gas, do? They did not throw out the application. They said that they are not going to throw out the Trans-Canada application for the import of gas into Minneapolis. They believed that to do so would sound the death knell of the Trans-Canada project to the possible economic detriment of both Canada and the United States. In other words, the United States federal power commission, with a far greater knowledge of oil and gas matters I am afraid than is evidenced by this government in Ottawa, kept this project alive in the hope that Canada would use common sense and allow the gas to be marketed in an economic way.

Now, Mr. Speaker, we then come to Mr. Heeney's speech of last night, and against that we must weigh another statement made by this government last Friday and Saturday, which is reported in a number of newspapers in Canada.

Mr. Speaker: Order. Before the hon. member embarks upon quoting again from the statement, perhaps he would care to be informed that his time has elapsed.

Mr. Nickle: I appreciate that my time has run out. I might say that during last Wednesday's portion of this address approximately half of my time was taken up by interruptions. I would appreciate it if the house would give me its permission to carry on for a few more minutes to complete this statement.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Philpott: May I ask the hon. member a question? Would the hon. member say that the decision of the federal power commission was designed to make sure of getting enough gas for the United States or was it designed to prevent Canada from building a pipe line where Canada wants to build it?

Mr. Nickle: No, the decision of the United States federal power commission was based upon the recognition that the mutual interests of both Canada and the United States would be served by a little greater degree of co-operation on gas than this government has seen fit to allow.

Mr. Prudham: May I be permitted to ask the hon. member a question?

[Mr. Nickle.]

Mr. Speaker: May I point out that the hon. member's time has expired, and if unanimous consent is not given he cannot continue. If before that question is decided hon. members ask questions, naturally he will have to answer them. We are not in committee. I do not think that the hon. member can say that half of his time was taken up by interruptions. I have before me pages 2324 and 2325 of *Hansard* for March 23, 1955.

Mr. Nickle: Well, about ten minutes.

Mr. Speaker: Has the hon. gentleman unanimous consent to continue?

Some hon. Members: No.

Mr. Speaker: The hon. member for Assiniboia.

Mr. McIvor: I should like permission to ask the hon. member who has just taken his seat a question.

Some hon. Members: No.

Mr. Ferguson: There would be no more sense to it than we get from this government.

Mr. McIvor: I was going to ask the hon. member what the Alberta government, which is making millions out of oil, is going to do to make the construction of a Canadian pipe line possible?

Mr. Nickle: I should like to answer that question because I believe it is one of the most important questions asked in this house on this subject for a long time. I am going to answer it this way. I have heard the so-called oil millionaires in the west charged with killing the trans-Canada project. Let me answer it this way. The price of gas in Toronto, that is the average price at which gas will be sold in the 1955-56 season, is $2.64 per thousand feet. Out of that the Canadian government will collect in income tax about 22 cents a thousand feet. Out of it also the municipal, provincial and federal governments will collect another 20 cents per thousand feet in other forms of tax. Out of that $2.64 per thousand feet, which is the average cost of gas to the consumer in Toronto, the producers who bear all the risks of exploration and the Alberta government which owns these oil resources will actually share five cents per thousand feet or 2 per cent of the price the consumers in Toronto will pay.

Now, Mr. Speaker, if we had butter sold at $1 per pound in Toronto, I am sure the butter producers would set up a merry old fuss if they were asked to accept 2 per cent of the official price of that product. I am sure that if this government is satisfied it is entitled to 22 cents out of that price of $2.64, then the producer and the government of

Alberta are entitled to more than one-quarter of what the federal government may collect in income taxes for doing nothing toward the exploration and development of gas in Canada.

Mr. Ferguson: They have collected all their taxes for doing nothing.

Mr. H. R. Argue (Assiniboia): As the current debate on unemployment progresses, it becomes more and more evident that this government has no policy whatever for dealing with this very important problem. As a matter of fact, as more and more statistics become available as to the magnitude of the unemployment problem, and as statistics become available regarding the continuous drop in farm income, it is becoming evident that this is a depression government led by an indifferent Prime Minister (Mr. St. Laurent). It is a depression government because over 600,000 persons in Canada are out of work and have no visible means of livelihood. When one adds to the list of unemployed those who are dependent upon the unemployed, their children and their wives, it is clear that at least a million, if not more, Canadians have little or no income.

I am amazed that the Prime Minister has not entered this debate long ago and presented the policy of the government of Canada for dealing with this most important current problem. Instead, we had speeches from two cabinet ministers on the first day of the debate, almost a month ago. Even though the unemployment situation has become progressively worse, the government is silent. So far as dealing with unemployment is concerned apparently the Prime Minister is on strike. He is sitting it out. He is not entering this debate, as I believe he should, to place before parliament and the people of the country the policy of the government for dealing with this most important problem. When asked in the house if the matter of unemployment would be a subject for discussion at the coming dominion-provincial conference, the Prime Minister replied that he would be greatly surprised if that question was not discussed while the provincial premiers were here.

Instead of saying that he would be surprised if the question were not discussed, the Prime Minister should have given this nation some leadership by outlining in parliament the proposals his government was prepared to make to the coming dominion-provincial conference. This is a far cry from the attitude of the government 10 years ago when it faced a similar dominion-provincial conference and it brought out its voluminous green book proposals. There was no question then as to the policy of the government. Its proposals were clear, and all could see them. This time the government is saying nothing. The Prime Minister is not even telling the country whether or not he is prepared to place the subject of unemployment high on the agenda of the coming dominion-provincial conference. A statement that the Prime Minister and the government are not prepared to set forth a program to deal with unemployment shows me that the government and the Prime Minister have abdicated the role of leadership.

Mr. Martin: Why don't you read the exact words of the Prime Minister and not give your own interpretation, which is wrong.

Mr. Argue: There goes the Minister of National Health and Welfare (Mr. Martin) again. I quoted the Prime Minister's exact words, and I would be very happy to have—

Mr. Martin: The Prime Minister—and I hope I have the hon. member's permission to interrupt—

Mr. Argue: Yes.

Mr. Martin: The Prime Minister did not say what my hon. friend is now paraphrasing as to what he did say.

Mr. Argue: The Prime Minister said that he would be greatly surprised if that question was not discussed while they were here.

Mr. Martin: Yes.

Mr. Argue: And that is exactly what I said he said.

Mr. Martin: No. My hon. friend said that the Prime Minister was not prepared to discuss this question. Now, the Prime Minister never said that.

Mr. Argue: I never said what the Minister of National Health and Welfare has said I said. But I would suggest to the Minister of National Health and Welfare, as one of the frontbenchers of the cabinet, and as a minister of the crown, that he stand up in this debate now and say what the government—his government—is prepared to do about unemployment. Instead of that, what does he do? He interrupts, that is all. He interrupts opposition members when they are trying to get some action out of the government. I will quote what the Prime Minister said.

Mr. Martin: That is better.

Mr. Argue: On March 10, in answer to a question asked by the Leader of the Opposition (Mr. Drew), he said this—and perhaps I had better read the question. It is as follows:

Mr. Speaker, I should like to ask the Prime Minister if, in view of the fact that this preliminary

conference is taking place in April, he will consider the suggestion I made earlier, namely that this opportunity be taken to discuss the unemployment situation and the manner in which the federal government and the provincial governments can best co-operate to meet those problems which are in their own fields.

And the Prime Minister replied:

Mr. Speaker, I should be greatly surprised if that question was not discussed while they are here.

Mr. Martin: Is that not what I said?

Mr. Argue: The record will speak for itself, that that is precisely and exactly what I said, when I was quoting the Prime Minister's remarks originally. And I would like to ask —I would challenge—the Minister of National Health and Welfare to tell parliament and the country what his government is prepared to do to solve the unemployment problem. And the unemployment problem is a pretty important thing in the minister's own city of Windsor. I am sure the constituents of the minister would like to know what plans the government has, if any. But all I can tell—

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

Mr. Argue: All I can tell him—

Mr. Martin: Will my hon. friend permit me to ask a question, a very important question?

Mr. Argue: The answer is no. No, not at all. I know Mr. Speaker has a clock, and when 40 minutes have gone I will have to take my seat.

Mr. Martin: The record will show that you refused to face this problem, just as you have accused the government of refusing to face it.

Mr. Knowles: Let the minister make his own speech next.

Mr. Argue: There is a fine admission, when the minister admits that he himself will not face this problem.

Mr. Martin: Mr. Speaker—

Mr. Argue: He makes these interjections, and that is all the statement the minister makes. And, Mr. Speaker—

Mr. Martin: On a point of order. The Minister of National Health and Welfare—

Mr. Argue: No, no.

Mr. Martin: It is a point of order.

Mr. Speaker: Order.

Mr. Martin: My hon. friend ought to have patience, and he should not get unduly excited.

Mr. Argue: Is that your point of order?

[Mr. Argue.]

Mr. Martin: I rise to say that the hon. member, when he said that we were not facing this question on this side of the house, and when he said he was quoting the words of the Prime Minister in support of that, was inaccurately quoting what the Prime Minister had said. Then he himself later correctly quoted what the Prime Minister had said, by referring to the willingness and the desire of the Prime Minister to face this important question. And I might tell my hon. friend—

Mr. Knowles: Now who is misinterpreting?

Mr. Martin: And I might tell my hon. friend that there is no one in this country who is more anxious to deal with this problem than the Prime Minister of Canada.

Mr. Stewart (Winnipeg North): Why doesn't he do it, then?

Mr. Argue: That is the contribution that the Minister of National Health and Welfare is prepared to make to solve the unemployment problem: Leave it to Uncle Louie; he is a great man, and somehow or another something will happen to take care of this situation.

I issue a challenge to the Minister of National Health and Welfare to take his place in this debate and tell the people of Windsor what he is prepared to do to help solve unemployment.

Mr. Martin: Will you be here when I speak?

Mr. Argue: But he prefers to rise and chisel in on my time. Let him speak. He can have his 40 minutes—and I think he will need all of them to explain why the government has not done something long ago to meet this very desperate problem. But instead of a minister of the government leading the fight to solve the problem of unemployment, they have retreated to the swamp of unemployment, with all the human misery and degradation that attaches to a situation when there are 600,000 unemployed.

And I would ask the Minister of National Health and Welfare whether he has read the contribution made by a gentleman by the name of Duncan K. MacTavish, O.B.E., Q.C., president of the national Liberal federation, yesterday in Ottawa, when he charged that opposition parties are conducting a deliberate campaign to undermine the economy of the country. I would like to know if the Minister of National Health and Welfare agrees with that statement, and with his—

Mr. Martin: You ask me?

Mr. Argue: —further statement, when he says:

> The prophets of gloom—

Just listen to this.

> The prophets of gloom reported the fact that unemployment was up but not the encouraging fact that employment is also increasing.

You ask the 600,000 who are unemployed whether—

Mr. Martin: Are you asking me?

Mr. Argue: —it is any help to them if there is going to be one more on the employment rolls next year, and we shall be happy to listen, and without interruption, to a 40-minute speech by the Minister of National Health and Welfare explaining his position on the statement.

Mr. Martin: I have.

Mr. Argue: And Mr. MacTavish goes on to say:

> Mischievous little boys who play with fire and cause public damage can be punished, but mischief committed in the guise of free speech which results in serious damage to the common welfare escapes the punishment it deserves.

I say, Mr. Speaker, that such a statement is an affront to parliament. It is an insult to members of parliament. And that statement, made by no less a person than the national president of the Liberal federation, should be repudiated by the Prime Minister of this country.

Talk about the Liberal party being on a one-way track to the one-party state. According to the national president of the Liberal federation he would like to punish the opposition members for daring to suggest that this is not an all-beneficent government, and that this is not the greatest government anywhere in the world.

Mr. Ferguson: He was speaking for the Liberal party.

Mr. Martin: When was the speech delivered?

Mr. Argue: It was delivered in Ottawa, and I will send it across to the Minister of National Health and Welfare after I have concluded my speech, so that he will have it when he makes his contribution.

Mr. Martin: I will be very glad to have it.

Mr. Argue: But I say again, Mr. Speaker, that this is further evidence of the attitude of the Liberal party. It is bad enough that we have to deal with statements of policy by the Liberal party and the Liberal government when made in this house. But now, apparently, we are going to have to deal with more persons making statements outside the house, reflecting on the proceedings of parliament.

I say that that is a statement that will not be forgotten in Canada for many months, and perhaps for many years to come. And I should like the Minister of National Health and Welfare—and again I challenge him—to stand up in this house and tell us not only what he and the government are going to do about unemployment, but whether he agrees with the statements I have quoted, as made by the national president of the Liberal federation of Canada.

Not only does the government offer no solution for the employment problem; now we are being subjected to insult, and the people of Canada who are unemployed are being subjected to this abusive treatment. I have heard it suggested that in this debate the C.C.F. members are conducting something of a filibuster. Well, I suggest that is a much better attitude than the attitude taken by the government, which is to say nothing, fold their arms and hope something will happen to relieve the unemployment situation.

We had two contributions by cabinet ministers. We had the contribution of the Minister of Labour (Mr. Gregg), which was a kind of academic discussion as to whether one set of figures issued by his department was more reliable in interpreting the exact unemployment situation, or whether the other set of figures was more reliable. But in the long speech of the Minister of Labour there was not one sentence on the government's policy to relieve this critical and terrible situation in Canada. There was some very amazing information given in that speech. The minister told us that there were 543,000 applicants for unemployment insurance in January, and that 450,400 persons were receiving unemployment insurance in January, amounting to $28,400,000 in total. What does that mean by way of income to those persons and those families who have to exist on unemployment insurance and unemployment insurance alone?

Let us assume that each person receiving unemployment insurance has just one dependent and does not have a whole family that has to live on the small unemployment insurance payment. Let us assume that each person's unemployment insurance payment has to maintain only two persons. What does the payment amount to? It amounts to $31 each for the month of January; in other words, $1 a day. I tell the Minister of Labour that that kind of a program for the unemployed is a disgrace to Canada; it is a disgrace to the government. A dollar a day is not very much better than the treatment

in the 1930's when the young men of Canada were sent to work camps and given a few meals a day and 20 cents. A dollar a day at home with which they have to provide their own meals is not much better than the treatment of the unemployed in the 1930's.

The government now says, wait and see. Maybe spring will do something, and the president of the Liberal federation insults the opposition members who are continually endeavouring to get this government to do something about the horrible situation that prevails in all of Canada. Read the unemployment statistics of almost any city in the country and you will see that the unemployment problem has created and is creating an unbearable burden on the financial resources of the municipalities involved.

Over the week end I had the privilege of speaking to an alderman from the city of Toronto. He said that over a week end he often gets as many as 50 telephone calls from persons who have no income at all and do not know where they are to get enough money to buy the next meal. I read a report in the Toronto Daily *Star* of March 26. The articles reported in that paper generally reflect credit on the government. Certainly, it is not an organ of any opposition group. Yet, it reported something that casts a very serious reflection on the adequacy of the legislation implemented so far by this government. I refer to the report headed:

2,552 jobless in city find there's no way to get financial aid.

It says:

According to Reverend J. F. Culnan, director of the Catholic welfare bureau, cases of hardship, want and suffering—where in some instances whole families with several children have been required to live on as little as $9 a week—have been common in Toronto since unemployment worsened in December.

"Generally speaking, a person who is old or sick in Canada can count on being taken care of," said Father Culnan. "But if a person who is unemployed is able-bodied and ready to work—in other words, if he or she is employable—there is no agency to assist such a person when his or her funds disappear and still no work has been found."

Some specific examples are given of unemployed families. I shall refer to only one.

Case 2: A landscape gardener with six children, from 12 to 5 years, who lives near Spadina avenue. Up to now he always had a job during slack season. This winter he pounded on doors—no luck. The family has two rooms and a hall entrance with rent at $19 a week. His work has never brought him within the unemployment insurance bracket. He is not eligible for D.V.A. or city relief. The family has got some assistance from the Catholic welfare bureau but there is not enough money to buy food.

I ask the government what it intends to do to provide employment for a man in that situation? There are 600,000 unemployed in Canada. There are all kinds of people who are undernourished, but still there are huge agricultural surpluses. We need more schools, more hospitals and more civic buildings. We need irrigation projects; we need public works of all kinds. The government does nothing. Many people are suffering from malnutrition. The best that the Minister of National Health and Welfare can do is to interrupt on minor points of no significance. We heard from two cabinet ministers, but not a word on what the government is going to do about the unemployment situation.

[Mr. Argue.]

We had an amazing statement read to the house by the Minister of Trade and Commerce (Mr. Howe). I should like to refer this paragraph to the gentleman who holds an office in the national Liberal federation, to whom I have already referred. I refer him to a paragraph of the minister's speech at page 1630 of *Hansard*, in which the Minister of Trade and Commerce lists the factors that led to unemployment in 1954. His first statement is as follows:

This levelling off in productive activity was a result of certain new influences which began to affect the market situation in the latter part of 1953 and early 1954. Hon. members are no doubt aware of most of the difficulties encountered—a general business let-down in United States—

They used to call it a depression. That became a bad word; you should not use it; it might cause a depression. Therefore, when you are in a depression do not use the word; say "recession". Well, that became a bad word also, and they dropped it. Now it is a let-down. The next time it will be a turndown. Somebody says behind me an adjustment. They will use a lot of words, but as the significance of each word becomes known to the Canadian people, then they will change the word and use another. The minister went on: the trouble in 1954 was caused by a general let-down of business in the United States. He continued:

—a consequent decline during 1954 in Canadian exports to that market; reduced incomes of grain producers—

I wonder who is talking blue ruin now? These are all the things that happen when you are in a depression; a general business let-down, a drop in exports and reduced incomes of grain producers. The minister continued:

—and the effects of this on sales of farm equipment and other manufactured goods; reduced procurement in 1954 of defence goods—

In other words, less armaments, more unemployment, the thing that the C.C.F. says always happens when a Liberal government is in office.

Mr. Knowles: The government will be reading MacTavish out of the party.

Mr. Martin: Don't interrupt.

Mr. Argue: The minister continued:

—a tendency during 1954 for businesses to meet orders from inventories rather than new production;—

In other words, to use surpluses in hand instead of producing more. That is what I take that sentence to mean. The minister went on:

—and, finally, intensification of international competition in manufactured goods which presented new difficulties to some manufacturing industries, in foreign and also in domestic markets.

This government loves competition, and as soon as their free enterprise friends find a little international competition, what is the result? Unemployment at home and a statement from the Minister of Trade and Commerce listing all of the reasons for this dreadful situation in 1954. How does the minister of Trade and Commerce (Mr. Howe) summarize somewhat later that very realistic statement that he himself has made? Listen to this; a real gem—two pages later, 1633, same speech, same minister—

Mr. Knowles: Same time, same station.

An hon. Member: Dragnet.

Mr. Argue: The minister said:

I do not want to claim that the economic policies which were followed were solely or mainly responsible for the reasonably good showing in 1954.

In one breath he tells us we are in a terrible position and he says next that it was a reasonably good showing. Half a million unemployed and the Minister of Trade and Commerce says it is a reasonably good showing. That was his contribution to the debate. He said nothing at all as to government policies. He gave us a review of past history while the situation grew steadily worse.

Then I shall have to again paraphrase this statement of the Prime Minister (Mr. St. Laurent). He said in his Reform Club speech, "If my government cannot solve the unemployment problem, then the public of Canada should turn us out of office as being incompetent". That is cold comfort to the unemployed. The people of Canada will have to wait until there is another election in order to do something about it. That is not good enough. This government has accepted the responsibility of office given to them in a democratic manner by the Canadian public and given to them on a platform of full employment and jobs for all. The Liberal party has electioneered on the same platform in 1945, 1949 and 1953; full employment.

The Minister of National Health and Welfare (Mr. Martin) shakes his head in the negative. That is a fine attitude for the minister to take.

Mr. Martin: Will my hon. friend permit a question?

Mr. Argue: No, I shall not permit the minister a question.

Mr. Martin: Then you do not believe in the democratic procedure of free speech.

Mr. Argue: Well now, I would ask the Minister of National Health and Welfare to resume his seat.

Mr. Martin: Will my hon. friend permit a question?

Mr. Argue: The answer is no. When I outlined the statement made by the Liberal party election after election, a belief in full employment and a campaign program of jobs for all, the Minister of National Health and Welfare shook his head in the negative. Well he might shake his head in the negative; well he might.

Mr. Martin: You are afraid to let me put a question to you.

Mr. Argue: When the former minister of finance, Mr. Abbott, and the same Prime Minister said that the government did not agree to implement its policy of full employment even if all of the provinces agreed to sign the dominion-provincial tax agreements, still we believed that the federal government's attitude toward full employment as outlined in its proposals in 1945 still held good until January 17 when the Prime Minister rose in this house and told us in no uncertain terms that the government had completely abandoned those concepts of full employment that would be brought about by the dominion-provincial agreements—

Mr. Martin: You are wrong again. You are misquoting the Prime Minister apparently deliberately. Apparently you are misquoting him deliberately.

Mr. Argue: I would ask whether such a remark is parliamentary—

Mr. Martin: You read his remarks and see how far off you are.

Mr. Argue: If it is in the rules of the house, all well and good; but I suggest to you, Mr. Speaker, that the statement of the Minister of National Health and Welfare that I was deliberately misquoting the Prime Minister should be withdrawn.

Mr. Martin: Mr. Speaker, I certainly would not impute any motive to my hon. friend, notwithstanding the fact that he would not

let me put a reasonable question. But what I meant by referring to that was that my hon. friend surely must know that he is not quoting the Prime Minister accurately when he makes the statement which he has just made.

Mr. Argue: I will accept the minister's apology and his amended statement. I was not quoting the Prime Minister at all. I was saying that the Prime Minister's statement made in this house on January 17 showed conclusively that the government of which he is the Prime Minister had abandoned its concept of full employment and the concept of the dominion-provincial tax agreements as laid down by the 1945 proposals.

Mr. Martin: My hon. friend is full of confusion today.

Mr. Argue: I still challenge the Minister of National Health and Welfare to make his own speech; I do not think he will—

Mr. Martin: I will surprise you.

Mr. Argue: —because he has no answer; there is no answer.

Mr. Martin: There is no answer?

Mr. Argue: There has been no answer from the government for one month, just silence. The Prime Minister is out on strike. He is sitting in the bleachers because he does not have a policy to deal with the unemployment problem.

The reason I say the government has abandoned its taxation agreement is because of this unilateral move to reduce the income tax paid by taxpayers in a certain province in this country which does not happen to be under the income tax agreements. I suggest that was a retrograde step, no matter whether a reduction had been made in the province in which it was made or in the province of Ontario or of Saskatchewan. When such a reduction is made it is a temptetion to the government of Ontario, for example, to suggest that on the basis of the same taxes levied in the province of Quebec, it would be as much as $34 million financially better off outside the agreement, and is a temptation to some other provinces to get out of the tax agreements, agreements which the government has always said were necessary to provide it with the fiscal strength with which to deal with unemployment.

Suppose the government, as a method of dealing with unemployment, should decide to reduce income tax in order to stimulate purchasing power. If provinces are outside the tax agreement they then have the right under the constitution to increase their own tax by the amount of the reduction made by the federal government in income tax and thus thwart the move by the federal government to provide by this means a stimulus to unemployment.

Mr. Martin: My, my.

Mr. Argue: And if it should be suggested that the people in the province of Quebec are pleased and jubilant over this carrot on the stick offer, I should like to quote from the Montreal *Gazette* of March 15 which reports statements made at the Quebec federation of industrial trade unions by the director, Mr. Romeo Mathieu. In that statement he said that the proposals were not a solution and he attacked them on the ground that they were, first, unilateral; second, that they were not squaring with the cyclical ideas of fiscal arrangements; third, they were an injustice to the province of Quebec; and fourth, a hindrance to national unity.

The C.C.F. party was quite prepared that provincial income tax be fully deductible up to the amount of the grant offered to the provinces, provided the provinces would agree to return any surplus collected; but the government did not follow that avenue; instead it reduced the income tax of taxpayers in a certain province. That move made by the federal government has created two classes of income taxpayers in Canada, one paying the full rate and one paying the 90 per cent rate. When you divide Canada as this government has done into two classes of taxpaying Canadians you have directed a blow at the very foundation of national unity in this country. If we are to have national unity in this country, let us have equal taxation treatment for all taxpayers by this government and let us not have a reduction in income tax payments made by the taxpayers in one province, no matter which province it may be, and the full rate or some other rate applied to taxpayers in the other provinces.

Mr. Benidickson: If you are interested in employment, why do you not get back to the subject?

Mr. Argue: That is exactly on the subject. A former minister of finance, Mr. Ilsley; another former minister of finance, Mr. Abbott; a former prime minister, Mr. Mackenzie King and this Prime Minister (Mr. St. Laurent) who was minister of justice in 1944 and who put before the dominion-provincial conference the views of the government of the day, said that for the government to deal with full employment or to maintain full employment, they had to have adequate fiscal powers that could be obtained only by dominion-provincial tax agreements. Now the federal government has turned its back on the tax agreements, it has turned

its back on full employment and it has betrayed the best interests of the people of Canada.

(Translation):

Mr. Fernand Girard (Lapointe): I must confess it is easy for opposition members to attack the government on this important unemployment problem, and to saddle it with the responsibility in this regard. Still it must be admitted that criticism has been made all too easy, first by the seriousness of the situation, a situation steadily growing worse to the point where, at this time, there are 600,000 unemployed, an impressive figure, and second, by the failure of the government to take action. It has been content to adopt a defensive attitude, making no attempt at any useful action.

I have listened closely to the speeches made by members on both sides of the house. Moreover, I have been reading the newspapers in order to ascertain the reaction of the people of this country to the course taken by the debate in this house and to the attitude of the government. It is obvious that the general feeling can be expressed as follows: The government seems far more concerned with warding off attacks than with taking any positive action in order to solve this unemployment problem.

The hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) was saying last week that, with fewer speeches on the subject, the government would now be at the stage where it would be voting money for the solution of the unemployment problem. But the hon. member forgets that, while the government has had a whole year to look for a solution, it has procrastinated, and put us off, by saying that any unemployment was merely seasonal and regional. The Canadian people, in fact, feel that the government have been putting them off with fine words, on this unfortunate matter. For a year now the government has been claiming that unemployment was merely seasonal or regional and was only an adjustment in the economic situation. Nevertheless the number of jobless has gone on increasing. It has now reached 600,000, an impressive figure, in one of the richest countries in the world.

It is an easy thing to fiddle around with words. One could, of course, say with the government that we have seasonal unemployment for we have it in all seasons; one could also admit that we have local unemployment since it is acute in every locality. But that would only add to the torrent of words that we have already heard while 600,000 unemployed are looking for work. Will the needy unemployed find comfort in the thought that their unemployment is seasonal?

What would the government say if unemployment were to bring about its downfall at the next elections and if, by way of comfort, it was told by the electorate not to worry about it because it would be merely a seasonal defeat?

By way of rebuttal, the government insist that members of the opposition are pessimistic. Words again! How indeed can you be optimistic when there are 600,000 unemployed in a country as rich as ours? More eager to free itself than to act, the government thought it would find another way out, in shifting part of its responsibilities onto the provinces.

The solution looks fine, but what real relief does it bring to the unemployed? Whether or not the provinces have any responsibility as far as unemployment is concerned, they will say to the government: "You have taken over our sources of revenue, do not give us the responsibilities."

It seems to me that the Canadian people should not look too much to the federal-provincial conference for the solution to a problem such as unemployment. The provinces will say to the government: you take 77 cents of each tax dollar; give us back our powers and we will look after our responsibilities.

All sorts of things have been mentioned as unemployment causes, but there is one consideration which should prevail. It is that, whether or not the government is more or less responsible for unemployment causes, it has the responsibility of organizing our economy in such a way as to create employment for everybody, the more so in our country, with all its wealth. I think that as soon as it became evident that unemployment was increasing the government should have added to the number of trade commissioners posted in every country in the world. Thus, by adding one small order to the other in each country, an imposing volume of exports could have been reached, as it is a well-known fact that one of the main reasons for unemployment is found in sluggish exports, for in Canada we do not lack producers, but consumers. It could therefore be said that if our consumption were increased our unemployment problem would be settled.

As I say, there should be reductions in taxation, for they would result in a higher purchasing power on the part of Canadian taxpayers who would thus be able to absorb our surplus of consumer goods.

The government is trying to hedge. Yet, during the war, those that were called heroes did not confer for months on end, and look for an excuse, before going over the top. They accomplished brave deeds and gave us our most splendid victories, because they understood the gravity of our position at a glance and felt the necessity to act. That is why they got results. If the government, instead of remaining on the defensive, instead of hedging, had tackled the problem forthwith there would be no unemployment, to my mind, and there would be no need to talk about provincial responsibilities with regard to this issue, or about the gloomy outlook of the opposition, and so on.

I think there has also been a suggestion to carry out public works in order to fight unemployment. This would obviously not lead to any final solution, but might lessen the gravity of the issue at hand. That is why I would like to take this opportunity to point out to the house some public works which, I think, might be undertaken in my county, and would contribute to the settlement of the unemployment problem.

The people of my county, being mainly workers, are much more affected than others by the present serious unemployment situation. I should now like to call the attention of the government to the problem of level crossings in the city of Arvida. This city, which is becoming increasingly populous as a result of intense industrial development, now has to cope with considerable mid-town traffic problems which constitute a public hazard. That is why I urge the government to include in its budget the funds required for the elimination of level crossings in the city of Arvida.

I should also like to recall to the government once more, as has been done on several occasions in the past, that the city of Jonquiere is in urgent need of a retaining wall on the bank of the river Aux Sables, which is used for logging operations and whose erosion threatens both banks in the centre of the city.

There are also other public works which I should urge the government to carry out in the eastern part of my constituency. I refer to the Saguenay river at Ste. Anne de Chicoutimi where, for a long time, a retaining wall has been requested.

In closing, I should like to remind the government once again of the necessity to build the Chibougamau trunk-line, the construction of which is increasingly urgent. It would have the extraordinary advantage of solving the unemployment problem for good, not only for a time, as it would give to a district which is entitled to it the railway upon which its future development depends.

[Mr. Girard.]

(*Text*):

Mr. George H. Hees (Broadview): Mr. Speaker, I rise to speak a second time in this debate for one reason and one reason only, to protest vigorously against the casual and disinterested attitude the Prime Minister (Mr. St. Laurent) has adopted towards the No. 1 problem facing the country today, namely, unemployment. When things are going well the Prime Minister travels all around the country making speeches and telling the people what a smart government he has and how well they are running the country; but when things are going badly, as they are today, the Prime Minister cannot be coaxed to his feet. He is strangely silent. He has been asked on numerous occasions to express the government's attitude on this problem and to outline the government's plan. He has even been taunted to do so, but he steadfastly refuses.

To me it is unbelievable that the leader of the government refuses at a time like this to take part in the debate on the most important problem faced by the country. Yet that is the case today. A few moments ago the Minister of National Health and Welfare (Mr. Martin) assured us—and I jotted down his words—that there is no one more anxious than the Prime Minister to solve the unemployment problem.

Mr. Martin: Hear, hear.

Mr. Hees: All right. If the Prime Minister is so anxious to solve the problem, then why in the world does he not do something about it? Why did he not a long time ago, as he was urged to do by the opposition—the opposition upon whom the president of the Liberal federation looks with such condescension—call an immediate conference with the provinces to discuss how relief costs can best be shared and how increased public works can be put into operation to provide jobs? But the Prime Minister flatly refuses to take that step. Second, why does he not rise in his place and outline to parliament and to the country the long-range plan which the government has for correcting the conditions that lead to increasing seasonal unemployment every year and to a great deal of permanent unemployment that is also increasing year by year.

If the Prime Minister is so anxious to do something about unemployment, as the Minister of National Health and Welfare has assured us he is, why does he not prove it?

Why does he remain so silent? That is something the people of Canada want to know. I think if he and the president of the Liberal federation would spend a little more time listening to this debate, they would learn something about the problems faced by the unemployed people today. I also suggest to members of the cabinet that if they would spend less time in their oak-panelled offices and would go to the cities and towns where unemployment is a problem today, they would learn firsthand some of the problems being faced by Canadians who are undergoing very serious conditions at this time.

As has been outlined in the house earlier, in cities like Toronto, men are having to leave their families so that their families can get relief. That is a fine state of affairs. Yet the Prime Minister does not deign to stand up and outline a policy to meet the problem. As I said, when things are going well, the Prime Minister is only too glad to make speeches. He made one in Quebec city on September 18 last which I do not need to paraphrase because I have his exact words here. At page 25 of a copy of his speech issued by his office I find the following:

> In a country such as ours, there should be work for everybody. If we cannot manage the national economy in such a way that there is work for everybody, then we are incompetent.

Today, Mr. Speaker, there are more than 600,000 unemployed Canadians who are living proof that the Prime Minister and the government are incompetent. When you have, not only a government that is incompetent, but also the admission by its leader in his own words, not mine, that it is incompetent, then there is only one honourable alternative for that government to adopt, and that is to resign.

It is obvious, and has been for a long time, that the only way a solution for the immediate problem of no jobs and no unemployment insurance benefits for thousands of Canadians today can be found is to call an immediate conference with the provinces to work out how relief costs can be shared and public works can be increased to provide jobs.

A later conference, the agenda of which will be settled on April 26, should deal with a long-range plan to create conditions within the country which will attract the establishment of additional secondary industry in Canada, to process far more of our primary products than we do today. This is the best potential means we have available to us of providing jobs on a permanent and productive basis.

In the meantime, the Minister of Finance (Mr. Harris) can do two things which will materially increase jobs for all Canadians. First of all, when he brings his budget down next Tuesday night, he should reduce the high commodity taxes that are adding so much to the cost of the goods we have to sell today, and are making it increasingly difficult to sell these goods, both here and abroad. This reduction in commodity taxes would not necessarily mean a reduction in total tax revenue, as was made very evident in the case of the cigarette tax a couple of years ago. The greater number of products which will be sold, because their prices will be more acceptable to a great many more people, multiplied by the lower unit tax, will probably equal or even exceed the present total tax revenue.

The second thing which the Minister of Finance can do is to reduce today's high income taxes, which are making it increasingly difficult for Canadians to buy consumer goods. Once again, a reduction in the income tax does not necessarily mean a reduction in the total income tax revenue because, by making it possible for more people to buy more goods, it will make it possible to employ more people manufacturing these goods, and these people will be earning incomes on which they will be paying income tax instead of drawing on the government for unemployment insurance benefits, or for relief. In addition, the increased quantity of goods which we would sell by taking this measure would again increase the commodity tax total.

The Minister of Finance has within his power the possibility of greatly increasing the number of jobs available to Canadians. By taking the two steps which I have recommended, I do not believe he will reduce by one cent his total tax revenue.

Now, Mr. Speaker, in answer to questions which have been put to him in this house concerning unemployment, the Prime Minister has tried to make the people believe that the preliminary conference which this government has called for April 26 will deal with today's critical unemployment problem. The Prime Minister knows that nothing is further from the truth, because that conference to be held on April 26 is nothing more or less than a planning conference which will arrange the agenda for the later conference to deal with dominion-provincial problems. The conference to be held on April 26 will not deal with unemployment. The purpose of it is simply to discuss whether or not unemployment will be on the agenda of the later conference.

Now, the Prime Minister knows that quite well, but still he has pretended that the solution to the present critical unemployment

problem will be worked out at the April conference. In order to illustrate just how he has tried to create that impression in the minds of the people, I should like to quote his answer to two questions which I put to him in this house, the first of which was on March 10. The question, as reported at page 1882 of *Hansard* for that date, reads as follows:

> Would the Prime Minister advise the house what attempts were made, if any, to assemble an immediate conference with the provinces to deal with the present critical unemployment situation?

The Prime Minister's answer was:

> There were none made, Mr. Speaker.

I asked the following supplementary question:

> Does the Prime Minister believe that a preliminary conference held later in April and a dominion-provincial conference held later in the year will suffice to deal adequately with today's critical unemployment situation?

Here is the answer the Prime Minister gave:

> The Prime Minister's attitude is that that will be the opportunity to deal with this important problem.

The Prime Minister knew quite well that this important problem would not and could not be dealt with at that time because that will be a planning conference, pure and simple. Yet, that is what the Prime Minister said, to try to mislead the people into believing that this problem was going to be dealt with at the April 26 conference. This illustrates the attitude of the Prime Minister who, the Minister of National Health and Welfare (Mr. Martin) has just told us so piously, is anxious to do something to clean up this unemployment problem; that is his attitude in dealing with this critical problem that involves the lives and welfare of many thousands of Canadians. The Prime Minister has done nothing more or less than shilly-shally and shadow box with this problem. Yet the Minister of National Health and Welfare has declared so piously, practically with his hands folded in front of his vest, that no one is more anxious than the Prime Minister to solve the unemployment problem. I will bet you that at this moment in the Chateau Laurier the Prime Minister is probably standing up beside the president of the Liberal federation and saying that no one is more anxious to solve the problem of unemployment than are the Prime Minister and this government. The faithful will cheer and shout and have a whale of a time, but that is not doing one thing to solve this unemployment problem.

I might illustrate the interest of the Liberal party in unemployment by saying that a friend of mine in the house has just passed me a note informing me that there are only 17 Liberals who are sufficiently interested in the problems of their constituents to be in the house at the time this vitally important matter is being discussed.

Mr. Weir: There are less than 10 Tories.

Mr. Hees: That is the example which the Prime Minister and the rest of the cabinet are setting to the country, 17 Liberals who are interested enough to listen to the problems of the people for whom they are supposed to be legislating.

Now, Mr. Speaker, on the following day, March 11, I asked the Prime Minister the following question as recorded at page 1928 of *Hansard*:

> In view of the fact that the Prime Minister's decision not to call an immediate conference on unemployment is depriving many thousands of Canadians who have no jobs or means of support of any chance of a solution of their problems, would the Prime Minister not reconsider his decision and call an immediate conference?

Then the Prime Minister answered:

> I cannot agree with the premises of the hon. member's question as a basis for reconsideration.

There is gobbledygook with a great big "g". What kind of an answer is that to the 600,000 unemployed people in Canada who desperately want an unemployment conference to be called with the provinces at the present time to deal with their problem? What kind of an answer is that? I ask the Minister of National Health and Welfare, is that a constructive answer? No, he shakes his head, and he admits it is not.

Mr. Martin: No.

Mr. Hees: It is simply the kind of gobbledygook in which this government has been dealing for years.

Mr. Martin: I rise on a point of order.

Mr. Deputy Speaker: Order. The Minister of National Health and Welfare is rising on a point of order.

Mr. Hees: This will be interesting.

Mr. Martin: My hon. friend said that when I shook my head I was agreeing with what he said. Under the rules of this house my hon. friend has no right to make such an assumption. I was shaking my head because of the wholly irresponsible statements the hon. gentleman was making.

Mr. Hees: I would be very anxious to have the Minister of National Health and Welfare explain why my statement was wholly irresponsible.

Mr. Martin: Because my hon. friend has implied throughout his speech that the head

of the government of this country was uninterested in this problem. He went on to say that at this very moment, in all probability, the Prime Minister was down at a political meeting when the fact is that the Prime Minister at this time is engaged in his own office in a matter of great importance affecting the welfare of this country.

Mr. Hees: Mr. Speaker, the 600,000 unemployed people are going to be very interested to know that the Prime Minister's own business or correspondence or whatever he happens to be dealing with is more important than listening to the representatives of the people—

Mr. Gauthier (Portneuf): Listening to your speech.

Mr. Hees: —on this important matter. The government just does not know how important this problem is. They never get out of their offices. They never get closer to the people than being guest speakers at a Canadian Club luncheon; that is their idea of really getting down and mixing with the masses. They have no idea what goes on in the minds and bodies of people who work for a living, and who are today unemployed. They have forgotten about them. They are happy in their oak panelled offices and their private cars. They do not give a hoot, and that is exemplified by the fact that the Prime Minister has refused to call a conference this year, to deal with this problem which involves 600,000 unemployed people. He knows quite well that the April conference cannot deal with anything except the agenda for the conference to be held later in the year.

Mr. Martin: My hon. friend has said the Prime Minister of this country has refused to call a conference to deal with this particular matter.

Mr. Hees: Right.

Mr. Martin: My hon. friend knows that is not the case; that is a misstatement, and my hon. friend should not repeat something he knows to be without any foundation.

Mr. Hees: That is absolute nonsense, Mr. Speaker, because the only way this present unemployment problem can be dealt with is by an immediate conference, not by a conference later in the year, the agenda of which will be arranged at the April 26 meeting. The Minister of National Health and Welfare knows quite well that that is so.

Mr. Martin: What I was objecting to was your statement that the Prime Minister refused to call such a conference.

Mr. Hees: He did.

Mr. Martin: When did the Prime Minister refuse to call such a conference?

Mr. Hees: I asked the Prime Minister on several days if he would call an immediate conference, and he said no.

Mr. Martin: When did the Prime Minister refuse to call a conference as my hon. friend just stated he did, a moment ago?

Mr. Hees: Then I shall ask the Minister of National Health and Welfare if, after a number of requests put to him to call such a conference, he has agreed to call it.

Mr. Martin: As my hon. friend knows, since he asked the question, the Prime Minister had suggested to the provinces that we meet with the provinces on April 22, and because two premiers could not come the conference has been put off until April 26. Why does my hon. friend persist in trying to convey to this country that the Prime Minister has refused to call a conference?

Mr. Hees: Because it happens to be true, and I will tell you why.

The Minister of National Health and Welfare (Mr. Martin) knows perfectly well that this meeting on April 26 will deal with nothing but the setting of the agenda for a conference to be held later in the year. It will not deal with the present unemployment problem, and the minister knows that perfectly well. The Prime Minister knows it, and the Prime Minister and the Minister of National Health and Welfare and the rest of the cabinet are simply shilly-shallying this thing through, hoping that by the middle of May the unemployment picture will not be so grave, and that they can escape and not have to deal with the situation today.

The Minister of National Health and Welfare knows that perfectly well, and so does the Prime Minister. They know perfectly well that there will be nothing but an agenda for a later meeting dealt with at the meeting on April 26. And I challenge the minister to say if there will be anything in addition to that.

Mr. Martin: My hon. friend challenges me to say—

Mr. Deputy Speaker: Order. Perhaps I should point out to the hon. member for Broadview (Mr. Hees) that if he resumes his seat I will have to call the next speaker.

Mr. Martin: My hon. friend challenges me, and I am going to accept the challenge, if he will permit me.

Mr. Hees: So long as I do not have to sit down. I cannot sit down, because Mr. Speaker has told me not to. But I would be

glad to have the minister speak from his seat. We can hear him just as well that way—and that is the way the Minister of National Health and Welfare speaks most of the time, anyway.

I would say from the attitude of the Prime Minister and the government in ducking away from this problem and in refusing to face it, and from the Prime Minister's refusal to speak on it—although he has been challenged and asked and urged to speak, to outline the government's plan in the matter—I would say that all these things show very clearly that this government and the Prime Minister are not interested in the slightest degree in solving the present critical unemployment problem. And the Minister of National Health and Welfare as well as every other cabinet minister knows that perfectly well.

Mr. Martin: We do not. And you know that is perfect nonsense.

Mr. Hees: I know it happens to be the fact, because if it were not the Prime Minister would have called weeks ago an immediate conference with the provinces. Therefore all we can conclude, in the Prime Minister's own words—and again it is very pleasant to be able to quote the Prime Minister—

> In a country such as ours there should be work for everybody. If we cannot manage to organize the national economy in such a way that there is work for everybody, then we are incompetent.

Today there are 600,000 unemployed. The Prime Minister says that if we cannot organize the economy to make work for everybody we are incompetent. Obviously this government is incompetent. The Prime Minister has admitted it and, Mr. Speaker, there is no honourable alternative for the government and the Prime Minister but to resign.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I have been disappointed several times this afternoon when the most voluble member of the cabinet has been content merely to interrupt opposition members and not to place before the house the program of the government with regard to unemployment. One can only conclude that the government has no program, in which case it would be well advised to repress the Minister of National Health and Welfare (Mr. Martin) and prevent him from making the rather rude and ill-mannered interruptions which, thus far, have had to go as the government's sole contribution to this debate on the question of unemployment. They have passed up every opportunity.

No doubt throughout the country we shall hear that the government is seriously concerned about unemployment. But no cabinet minister has got to his feet yet in this debate to offer any sound ideas as to the solution of this problem. As a matter of fact I have some sympathy for them, and a great deal of sympathy for the members of the official opposition, because within the philosophy of the Liberal and Conservative parties there is no solution, and they know it. That is why they are sitting tight.

I would suggest to you, Mr. Speaker, that in many respects our present situation with regard to unemployment is much more serious and more ominous than the situation that prevailed during the hungry thirties. Even though we have not yet the body of unemployed or the volume of misery, there are certain aspects of the present situation that are, as I say, much more ominous. In the thirties we had a large volume of unemployed and a tremendous volume of human misery arising from the fact that our economic machine was almost running down. In many areas it had stopped completely, and in most areas it was seriously retarded.

But that is not the situation today. The situation today is that our machine is running almost at the same level it was last year. There was, true, a great decline in farm income to the extent of some $600 million. But on the other hand there was a great increase in salaries and wages amounting to $300 million, and an increase in interest, dividends and rents of nearly $300 million. As a matter of fact the net decrease of personal income in 1954 over 1953 was only $36 million, and the decline in gross national product was only 2½ per cent over the previous year. And yet it has produced this really quite dangerous and serious problem of unemployment to the tune of over 600,000, or nearly 15 per cent of our working force.

That is the question the government and the official opposition have to face, the fact that their method of economy just is not working. And people are going to ask awkward questions, very serious questions. They are not going to be put off by any suggestion that the statistics are misleading, as we are told so often. Maybe they are misleading; but if so, then it is the government that is doing the misleading, for both sets of figures come from government organizations. And I suggest to you, Mr. Speaker, that the unemployed are not going to be very well satisfied by being dismissed as misleading statistics. They do not think of themselves as misleading statistics; they think of themselves as flesh and blood, men and women, with the problems of men and women. And, as I say, they are going to ask awkward questions.

Indeed, there was an awkward question asked only the other day down in the province of Quebec. I quote from *Le Devoir* of Monday, March 21, where Jean Marchand, secretary-general of the Catholic federation of trade unions, had this to say:

(*Translation*):

Our governments are in the act of demonstrating that communist countries alone have no unemployment problem. How is it that the only statesmen who seem able to solve this problem should be people like Hitler and Stalin? It does not make sense.

(*Text*):

And Mr. Marchand goes on to suggest that no one would dream of leaving such affairs as the army or the postal service in the hands of private enterprise, because they are too essential; but when we come to consider the economy of the country we adopt a policy of laissez-faire and, he says, evidently with disastrous results.

I could wish that more of Mr. Marchand's labour colleagues, both French and English speaking, had such a grasp of the realities of the situation; because they are suggesting this, that if you cannot make this system work you have got to make way for something better.

One of the reasons blocking any activity on the part of the government, one of the reasons that no proposals are made from government benches, is that they are still sunk in some of the myths of free enterprise. They are still pretending that our economy is composed of a vast number of little, private free enterprisers, all busily engaged in their own businesses, and by that means improving the condition of all of us. But of course, as we know, that is not the kind of world in which we are living today. The kind of world in which we are living today is one of vast, enormous and powerful economic organizations which are not responsible to this parliament, nor controlled by the parliament; vast aggregations of wealth and power which decide just how much Canadian workers are going to get to live on, which decide the number of hours they are going to work and consequently the number of them who are going to have jobs. These are the realities of this so-called free enterprise system. Their behaviour was quite well characterized by Mr. Justice McRuer, in speaking only a few days ago on the conviction of the ten electrical equipment firms who were found guilty of operating a combine. Mr. Justice McRuer remarked on the way in which the public is entitled to free competition except in so far as it may be interfered with by valid legislation. I quote from the newspaper report:

He recalled Mr. Robinette's contention that there was no allocation of business nor restriction on technological advances.

The chief justice said that if a company developed a superior type of cable, its price would still be controlled by the group.

Not only the price of that commodity, but the wages paid to the men who produced that commodity; not only the wages paid to them but the number of hours they are going to work, and therefore the number of them that are to be employed in that industry are controlled. These are the real seat of power in our society today. That is true not merely of the electrical industry. It is true in practically all the basic commodities of industrial life today: aluminum, oil, timber, pulp and paper, nickel, heavy machinery, milling of grain, processing of food, and retail distribution. I hardly need drive home that point. There is not one of us who has not noticed a new Loblaw store going up every week. We know that distribution is being concentrated in the hands of a few, and numbers of people are going to pay for it at their cost. The number of people who are to be employed in distribution, the conditions of their work, all these questions are decided, not by this parliament, not by this stronghold of democracy, but by groups of people whom we do not know at all and over whom we have no control.

I suggest to you, Mr. Speaker, that the people of Canada are not forever going to be put off with the suggestion that they should pay this as a ransom price of our liberty, as suggested by the young man I quoted earlier who suggested that it would not be wise for the government authorities to go to the unemployed and tell them that their miseries were the ransom price that they were paying for liberty, because he suggests that the human being with the least possible liberty is the unemployed person. They are going to demand from this government some serious thought with regard to this economy that no longer functions, because it cannot be said to function adequately, when operating almost at full speed we have thrown over 600,000 people right outside the economic machine. We have discarded them. We have told them that we do not need them; that we can operate the machine without them. At the same time we tell them the only way in which they can acquire the goods they require for living is to have a job, but there are no jobs for them. It is too bad. The implication is that they have to die, to get out of our sight because they are a problem to the government; they are a problem to those who own and control our economy.

We in this group have often been accused, Mr. Speaker, of being impractical and of being visionaries, of advancing Utopian ideas. But I suggest to you, that there is no more

Utopian, unrealistic visionary that the man who rises and says, in the name of free enterprise, we must continue to have 600,000, 800,000, 1,000,000 people thrown right out of the economic machine, right out of the social garden in which the rest of us live. That is the impractical visionary view that will bring disaster not merely to this government—and no one could wish it to come there more quickly that I—but to the people of Canada. I suggest that those who sit on the Liberal benches in this house had better use all their influence and all their efforts on those few men who at the present time control the political life of Canada and suggest, for instance, to that—I don't know who he is—Liberal lawyer who was quoted earlier, who suggested that the opposition members are deliberately undermining the economy, and his kind, that the 600,000 unemployed, their friends and their families, are not going to have a very kindly view of a political party that permits those responsible officers to make irresponsible, inane statements such as that. These people are going to demand from the Liberal party something more reasonable, something more realistic. They are going to demand from them some hope at least that there will be a permanent solution to this problem of producing and distributing goods in the interests of all the people of Canada. No clap-trap about free enterprise, about individual liberty, initiative and all the other nonsense we hear is going to weigh in the balance one iota. They want results.

I would warn this Liberal government and this Liberal party that they have been in office over an unusual period of free, easy and comfortable years, and that in the dangerous and difficult years ahead something more than sitting at a desk and pounding it when a minister speaks is to be required of them. Their constituents are going to ask them very nasty, awkward questions when they go home at Easter and in the summer. They are not going to be satisfied with being told that the Prime Minister is the most marvellous and unique personage in the history of Canada. They are not going to be told that they should leave the decisions to these men who have guided them so well in the past, because people are not interested in how they were guided in the past. They want to know how they are to be guided tomorrow.

So far, not one single member of the cabinet has risen in his place to give us even the slightest inkling in the first place that they recognize the seriousness of this problem, and in the second place that they have even the ghost of an idea of how to deal with it. Such governments do not last very long. In spite of overwhelming majorities, such governments eventually go into the discard very quickly, very suddenly.

We have heard in this house that the problem of unemployment is giving great concern and great worry to the government. We have seen no sign of it. On the other hand, we have seen a government that has been determined to reject every practical proposal put to it. Proposals have been put to the government for two years to embark on a large-scale international aid program such as the Colombo plan, as a pilot plan. We were told in the first place that we were very generous; we have actually increased our contribution by $1 million this year. Every Liberal member must have cringed in his seat when that was announced. They must have all cringed when they heard on the radio the scathing denunciation of that niggardliness; but of course we are told that we have increased it as far as it is possible to increase it because there is a definite limit to the power of those places to absorb aid. That was the nonsense that came from the government benches last year. I hope it does not come again this year because it will mean that our government does not even pay any attention to the statements of those in control of the administration of the Colombo plan who told us here in Ottawa last summer that there is no limit to the power of those areas to absorb capital aid.

The government will have to produce something better than that as an excuse for not increasing our contribution to such plans as the Colombo plan to the extent of making a worth-while contribution there and to the extent of solving, temporarily at least, the problem that is posed by unemployment in Canada. Therefore, I hope that we shall have from the government, some time before this debate ends, a sensible, reasoned, practical statement of what the government proposes to do, not merely a recital of this government's bleeding heart, not merely to be told that it is shedding bitter tears over the plight of the unemployed, but some permanent program that has been evolved as a result of serious thinking of the kind that this government has ceased to do for many years.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I rise before the vote is taken because of the amendment to the amendment. And I wish to deal with that and refer briefly to the subject matter under discussion. The amendment to the amendment reads as follows:

That the amendment be amended by inserting therein immediately after the words "this emergency", the following words: "including the immediate implementation of the federal government's promise of 1945 to make adequate provision for the employable unemployed"; and also

by inserting therein, immediately after the words "a long-term program", the following words: "of public investment and economic development".

The words which have been included in that subamendment have already been approved by members of this party in their statements during this debate. They are words taken precisely from the documents which were before the dominion-provincial conference of 1945 and were approved in principle by all the governments attending at that time. For that reason, so far as these words are concerned, we naturally support their addition. They have already been used by members of this party during the course of the debate. I wish to leave no doubt, however, in supporting these words in the exact form in which we ourselves have put them forward that we are certainly not putting any interpretation upon them other than the careful interpretation which was put on them at the time they were accepted, approved and put forward.

I say that for this reason. The hon. member who spoke just before me spoke about the 600,000 unemployed in the name of free enterprise. I wish to leave no uncertainty about the fact that we subscribe to no such comment as that in relation to this debate. The 600,000 unemployed are not unemployed in the name of free enterprise. Nor would I wish to leave any suggestion that I approve of such a statement as the one to the effect that we do not want to hear any clap-trap about liberty. We want to hear a great deal about liberty, and a discussion of liberty is not clap-trap at any time.

I wish to make it perfectly clear that in supporting a subamendment which contains words with a specific meaning which we ourselves have approved in exact terms on earlier occasions, we most certainly are not accepting any of the doctrinaire interpretations which may be put upon them by hon. members to the left, nor are we subscribing to any suggestion that a discussion of liberty is clap-trap or that 600,000 people are unemployed in the name of free enterprise.

I had not thought of entering into a discussion of the politics of any other country, but I cannot help recalling that when a good dose of real free enterprise was given to the people of Britain a couple of years ago, immediately there was a response which manifests itself today in the greatest spirit I have seen in Britain for many long years. I make that observation because it would not be well to leave any impression that the doctrinaire policies which have received some support in this chamber on certain occasions find approval here.

In view of the fact that I feel impelled to comment on this statement, may I also comment on something else. I would regret very much if the reports are correct that the Right Hon. Clement Attlee is coming to this country to speak on behalf of or at meetings arranged by a political party in this country. I recall over the years that when Lloyd George came here he firmly refused to take part in anything that savoured of political discussion in this country, and the same has been true of leading members of other parties.

There are obvious reasons why it is highly desirable that those who occupy positions such as that of Mr. Attlee should not engage directly or indirectly in the political activities of another nation within the commonwealth. I feel at liberty to make this statement, and I make it of a man for whom I have the highest admiration, a man I have had the privilege of counting as a friend for some years. I would hope that no matter what imports we would welcome from Britain, we should at no time attempt to import politics from there any more than we attempt to export politics from Canada to the United Kingdom.

I think it would be a healthy thing to remember that no matter how confident the members of any party may be, there is always the possibility of the judgment of the people reaching a different conclusion. That, after all, is the essence of our system and the principle that gives our system life and vitality. I believe there are obvious reasons why anyone who might be called upon to occupy the position of prime minister at any time would be well advised not to have placed himself directly or indirectly within the political arena of a country with which he might subsequently be dealing as prime minister of another government.

I say this in the hope that the reports are incorrect, and that a long established position, which I thought had been accepted by the leaders of all parties, will not be changed at this time. Obviously, if a leading figure in any party in Britain, Australia, New Zealand, South Africa, India, Pakistan or any part of the commonwealth sees fit to come here to engage in what might be regarded as political discussion within our country, he then naturally places himself immediately in the position of expecting an answer in appropriate terms in regard to any arguments he makes.

I shall not pursue it further, except to repeat once again that I would hope a tradition which has been well recognized for good reasons is not going to be broken at this time, in spite of certain suggestions to the contrary which have appeared in the press.

In regard to this particular subject the Prime Minister (Mr. St. Laurent) has not indicated any views other than those which have been expressed on other occasions. I wish to leave no uncertainty about the fact that we believe there are things than can and should be done to meet this situation, within the framework of our economy and under the authority which the government already possesses. A number of those things have been mentioned, some of them today. A number of those things have been discussed during the period this debate has been taking place. But, Mr. Speaker, I have heard from the government no answer which would indicate what their intentions are with regard to these various industrial and other activities where unemployment is a reality.

I regret that anyone would suggest that a discussion on unemployment is an attempt to undermine confidence. If there is any attempt to undermine confidence on that basis, then of course it must come from the agency of the government which gives the figures. The figures that have been used are given by the dominion bureau of statistics. Surely there is no suggestion that the dominion bureau of statistics is deliberately seeking to undermine public confidence. After all, it is a statistical agency which we believe has been giving us reliable information within the pattern it has established with regard to these and other matters. The interpretation to be placed upon those figures is for the members of this house and the public of Canada.

Many of us know where there is unemployment. There is unemployment in the textile industry, in the electrical industry and in other industries that have already been under discussion. There is unemployment in the various servicing agencies which ordinarily would be called upon to deal with the movement of food products which today are not being sold to the same extent they have been sold on other occasions. We know where this unemployment is; we know that from records that are available to us. Far from there being any suggestion that this discussion seeks to undermine confidence, may I say that we would indeed be open to criticism if we failed to bring forward the facts that are produced by agencies of the government set up for that purpose, and to seek action by the government to deal in some way with a situation which is apparent from a study of those very figures.

I want to refer to one other industry with regard to which figures have been given just within these past few days, in order to show the nature of the problem. We have in this country an extremely efficient rubber footwear industry. Last year in Canada 3,260,952 pairs of rubber footwear were sold. Our industry is capable of taking care of our own requirements with rubber footwear of high quality, and of producing for export large numbers of rubber shoes as well. The export trade in rubber footwear has diminished seriously. In 1947 we exported two million pairs. Last year we exported only 15,000 pairs. Of the 3,260,952 pairs sold in Canada last year, 1,062,362 pairs were imported.

Again, let us not have any suggestion that the moment you mention these figures you are urging that there should not be trade. On the contrary, no argument of that kind is being made. But let us see what happened. Of those 1,062,362 pairs, 717,202 pairs came from Hong Kong. The information is that those shoes—that is the 717,202 pairs that came from Hong Kong—arrived here at a cost of 64 cents a pair as compared with a cost of $1.90 a pair for a comparable Canadian product. You do not have to look far to find out what the problem is there.

Mr. Croll: But in his finding the judge said, did he not, that there was no competition in the business, and that they maintained prices? That is what he said.

Mr. Drew: We are not dealing with anything of the kind to which the hon. member has referred, and he is well aware of that fact. He is also well aware of the fact that there was no suggestion of any inaccuracy in the cost figures; and I am referring to cost figures. The hon. member indicates that he agrees with what I have said. Since he agrees with what I have said, then quite obviously the interjection has no bearing on the point I make, namely that the cost in Canada—which is largely made up of labour—is $1.90 as compared with 64 cents in the case of these imported shoes.

There are obvious reasons why we want to trade with Hong Kong and the other trading centres of Asia, Europe and all other parts of the world. But, Mr. Speaker, it is essential that we face the realities of this situation and recognize that figures of this kind explain some of the problems of unemployment. It is also essential that we decide whether there is to be any attempt to make use of the laws which are actually on the statute books to protect Canadian workmen under a free enterprise system which gives to the people of this country a standard of living that we wish to preserve.

Since the hon. member for Spadina interjected his remark with regard to the comment of the judge, may I remind him that the comment to which he has referred was

made in a proceeding which in itself is intended to preserve free enterprise. He therefore can have no objection to the acceptance of these figures when we ask that this matter be carefully examined under the laws as they now stand, and that we decide exactly what should be done with regard to the maintenance of employment for Canadian workmen when we find in existence elsewhere wages that are so far below ours that they are producing the result we see in this case. That can be done under the existing machinery with due regard to our desire to trade with Hong Kong and with every other great trading centre of the world; but let us remember that the first responsibility of the government of Canada is to the working people of Canada, and let us see how we can meet the situation with which we are now confronted.

There is a growing feeling that we are strangely reluctant to make any move ourselves to assure continued work to Canadian workmen, although we see international arrangements being disregarded when other governments think that will be to the advantage of workmen in their countries. We had under discussion earlier this afternoon the nature of the answer that has been given by the government of the United States to the request that there should be no artificial limitation upon the movement of oil from Canada to the United States. The government has the answer. We are awaiting it. Having regard to the fact that the submission of the government was made public in the first instance, I must confess I am curious as to why there is so much delay in making public the answer. After all, this is an ordinary business communication. We were told what the government of Canada was saying to the government of the United States, and we want to know what the government of the United States has said to the government of Canada. There are a number of other cases where we want information of that kind.

The Prime Minister has said that the government must accept responsibility for employment. The Prime Minister has not sought in any way to diminish the effect of the statement he made. Under our system it is the responsibility of government to administer the laws passed by parliament. The opposition cannot do that. There are laws on the statute books which can be invoked to deal with these subjects. There are laws on the statute books which can be invoked to deal with some of this very unemployment that we are discussing. This afternoon I have simply added to the many examples already given the figures only recently made public showing how unemployment is being created in one particular industry.

Therefore, Mr. Speaker, for the reasons I have explained we shall support the subamendment to the amendment moved by the hon. member for Hamilton West (Mrs. Fairclough). We support it not only because the words used are specific words but also because it is a want of confidence motion with respect to the action of the government on this very important subject and we wish to register our vote accordingly.

Mr. Stewart (Winnipeg North): May I call it five o'clock, Mr. Speaker?

Mr. Deputy Speaker: It being five o'clock, the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

ST. MARY'S RIVER BRIDGE COMPANY

Mr. G. E. Nixon (Algoma West) moved the second reading of Bill No. 281, to incorporate St. Mary's River Bridge Company.

Mr. Green: Could we have a statement from the sponsor of the bill?

Mr. Nixon: Mr. Speaker, the purpose of this bill is to incorporate a company with powers to construct a bridge over or a tunnel under St. Mary's river at or near Sault Ste. Marie, Ontario. The location of the two "Saults", Canadian and American, marks a very important point and is often referred to as the hub of the great lakes. This can be readily understood when one realizes it is at this point that the only international border crossing is provided between the westerly end of lake Superior and some 700 miles east, at the southerly end of lake Huron.

I understand that in 1927 the number of motor vehicles which crossed the river at the Sault by ferry was 76,000, and that the number has increased until last year there were approximately 290,000, which means an average of about 800 vehicles per day. I think it is reasonable to expect that this number would increase greatly if the crossing could be made by bridge or tunnel, especially when we realize that under construction at the present time, just 60 miles south of Sault Ste. Marie, is the Mackinac straits bridge, connecting southern Michigan with the upper peninsula by the longest suspension span in the world.

The four-lane highway on the Mackinac bridge will have an estimated capacity of 3,000 cars each way per hour. I am advised that a four-lane highway from southern Michigan to Sault Ste. Marie via the Mackinac straits bridge is assured and will tap important transcontinental roads in the heavily populated states bordering on the

state of Michigan. This is bound to result in further increasing traffic to the north.

The government of the province of Ontario has indicated that the trans-Canada highway around the north shore of lake Superior will be completed within the next five years. This will give a tremendous impetus to tourist traffic and will add substantially to the inflow at this point of vehicles from the United States.

The Sault area is recognized as vital in international defence matters because of the importance of the locks located there, so much so that important measures have been taken and installations erected to provide adequate protection. This involves prompt movement of defence forces and heavy equipment between the two countries. Therefore you will see that the ever-increasing need of adequate facilities for crossing the river at the Sault by traffic of all kinds presents an urgent problem for solution and, in keeping with many other international boundary points, a bridge or tunnel seems the best and most natural solution.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say a few words regarding this bill. The project envisioned by the bill, either a bridge or a tunnel at the Sault, is one that is indeed welcome. We feel it is the type of project which might well be undertaken by a public authority, but since that does not seem to be in prospect we are glad to see the proposed bridge or tunnel being undertaken by the company referred to in the bill.

I presume that according to the usual practice the bill will go to a committee of the house. There are two matters which I hope the committee will study closely. As the sponsor of the bill knows, Their Honours in the other place made a change in the terms of the bill from those in which it was originally introduced concerning the maximum interest rate to be allowed on the bonds or debentures of the company. The original suggestion was a ceiling of 7 per cent. Their Honours reduced that to 6 per cent. Bearing in mind that interest on the securities of the government of Canada runs at figures of 3 and a fraction per cent, or in some cases even less, it seems to me this figure is still too high. I also have in my hand an advertisement showing that the Household Finance Corporation, an institution which makes money out of money, has recently put out 4¼ per cent sinking fund debentures due in 1975. I do not intend to pursue the argument at this juncture. I rise merely to make the point that I think this is something into which the committee should go when it is dealing with the bill.

[Mr. Nixon.]

There is one other point I think the committee should investigate, and that is the provision in the bill concerning tolls. As I understand it, the bill proposes that the company be permitted to fix the tolls, subject only to the provisions of the Railway Act. If a line of railway were included on the proposed bridge or in the proposed tunnel that would seem to bring it under the provisions of the Railway Act and perhaps bring the tolls under the supervision of the board of transport commissioners. However, if there is no line of railway on the proposed bridge or through the proposed tunnel, the question arises in my mind as to whether or not the board of transport commissioners would have any authority over the tolls to be charged.

I think my hon. friends would agree with me, not only the hon. member for Algoma West (Mr. Nixon) but also the hon. member for Algoma East (Mr. Pearson), if on this occasion I may refer to him by that designation, that there should be some body definitely having authority over the tolls to be charged on the proposed bridge or through the proposed tunnel. As a matter of fact, my interest in the question of the rate of interest bears on the question of tolls, because the tolls to be charged will be affected by the rate of interest that is paid on the bonds or debentures.

With the request that these two points be looked at in the committee, we are glad to let the bill have second reading.

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

WESTSPUR PIPE LINE COMPANY

Mr. G. J. McIlraith (Ottawa West) moved the second reading of Bill No. 283, to incorporate Westspur Pipe Line Company.

He said: By reason of the amendments to the Pipe Lines Act passed at the last session of parliament, it is now necessary for any person constructing or operating a pipe line extending beyond the boundaries of a province to be incorporated by special act of parliament. Recent discoveries in the oil areas of the four western provinces have been very close to the provincial boundaries, and the problem has now arisen of providing a gathering system to collect the crude oil from the wells and carry it to the main pipe line that is available serving the industry either to the east or the west.

An example of the problem is to be found in southeastern Saskatchewan, where to get from some of the recently discovered wells to the main pipe line it is necessary to cross the

Manitoba boundary line. Any company seeking to do this must be incorporated by special act of parliament, and this bill is to provide for that sort of thing.

It will be noted first that the authority is limited to the four western provinces and the Northwest Territories. Second, it will be noted that the persons seeking incorporation, as indicated in clause 1 of the bill, are all personnel of Imperial Oil Limited. In other words, it is a request to parliament to permit the incorporation of this company so it can set up gathering and branch lines to serve the producing wells.

Mr. Howard C. Green (Vancouver-Quadra): The explanation just given by the hon. member for Ottawa West (Mr. McIlraith), Mr. Speaker, indicates that it is the intention of the applicant to apply for a charter to construct a gathering system or something of that kind in the western provinces. He went on to say that the bill only referred to the Northwest Territories and the four western provinces, but in addition these applicants are asking for power to construct pipe lines outside of Canada. Of course this brings up the old pipe-line battles that we have had in this house during recent years.

I notice that during the debate which took place in the other chamber, to be found at page 318 of Senate *Hansard,* the sponsor there indicated that the purpose was to construct a pipe-line gathering system or branch lines crossing provincial boundaries in the four western provinces. A secondary possibility was the construction of a pipe line to cross the British Columbia-Alberta provincial boundary to accommodate deliveries from the Peace river area. Then he also referred to a small pipe-line gathering system with branch lines which cross provincial boundaries. In concluding his remarks he pointed out that this bill was in the form which had been followed throughout since the original Pipe Lines Act was passed in 1949.

Actually the bill is not in the form of the other bills which have been passed within recent years. For example, I refer the hon. member for Ottawa West to the Mid-Continent Pipelines Limited charter, which is contained in chapter 68 of the statutes of 1953. The applicants there applied for incorporation in 1951 under the name of Border Pipeline Corporation, but their bill was talked out that session. They applied again in 1952 for a charter for a company to be known as Boundary Pipeline Corporation, and that bill was also talked out. The reason was that they proposed to build their pipe line through the United States. However, they came back in 1953 and applied for a charter under a different name, Mid-Continent Pipelines Limited, and on that occasion they had decided to build their pipe line in Canada.

We find that according to section 6, clause (a) they only asked for power to construct within Canada, purchase, lease or otherwise acquire, and so on. Then any reference to international pipe lines was deleted, and what was left were the words "interprovincial pipe lines". They also agreed to the insertion of this proviso:

> Provided that all pipe lines for the transmission and transportation of gas and oil shall be located entirely within Canada.

The bill went through with these changes having been made. The changes followed the course which had been adopted in the session of 1951. I would refer hon. members to several pipe-line charters granted in that year. The first was Canadian-Montana Pipe Line Company, as set out in chapter 87 of the statutes of 1951. The next was Champion Pipe Line Corporation Limited, set out at chapter 88 of the statutes of 1951, and the third Independent Pipe Line Company, chapter 91 of the statutes of 1951. The fourth was Trans-Canada Pipe Lines Limited, as contained in chapter 92 of those statutes, and the fifth was Trans Mountain Oil Pipe Line Company which, as Your Honour knows, is actually piping oil from Edmonton to the west coast, and whose charter is contained in chapter 93 of the statutes of 1951.

In each case a provision was written into the charter, that the main pipe lines would be within the borders of Canada. I would suggest to the hon. member for Ottawa West that he take up with the Imperial Oil company, or whoever is behind this present application, the question of whether or not they are insisting upon having the charter go through in the terms in which it comes before the house.

As I said a moment ago, the charter contains the power to construct pipe lines outside of Canada, and it does not contain the proviso that the main pipe line must be constructed within Canada. I should think there would be no objection to having these changes made when the bill goes to the standing committee on railways, canals and telegraph lines, in view of the statement made by the hon. member for Ottawa West in introducing the bill.

Mr. McIlraith: Would the hon. member permit a question, so that I may understand his point more clearly? Does he suggest, for instance, that in respect of those wells now being drilled in southern Manitoba, the branch lines should be brought backward

against the flow to join the Interprovincial pipe line, and not taken across the border through part of the United States to join the Interprovincial south of Gretna?

Mr. Green: That is a detail which can be gone into in committee.

Mr. McIlraith: That is the whole principle of it.

Mr. Green: These other applicants for charters agreed to write in this provision to which I have referred.

Mr. Benidickson: That is the opposite to what the hon. member for Calgary South (Mr. Nickle) was recommending this afternoon.

Mr. Green: That may be. I am not speaking for the hon. member for Calgary South.

Mr. Benidickson: That is a divided party there.

Mr. Green: It will be very unfair for the Imperial Oil company or anybody else to come along and get a charter which gives them wider powers than those held by these other companies. Certainly if it is the intention of Imperial Oil to construct the main pipe line outside of Canada then that will have to be given pretty serious consideration. I do suggest to the sponsor that he discuss this with the people who are asking for the charter.

Mr. McIlraith: May I ask a question?

Mr. Speaker: Is the hon. member asking a question, or does he wish to close the debate?

Mr. McIlraith: I wish to ask a question. Does the hon. member suggest that the producing well should construct a pipe line going against the flow in the main pipe line, instead of coming in at the logical point at a pumping station that might be south of the border, thereby increasing the cost of the crude oil and putting the burden on the crude oil producer?

Mr. Green: The hon. member will find, I think, that these pipe lines in the United States are constructed by American companies, and not by Canadian companies at all. It might be that Imperial Oil or Interprovincial would have an American subsidiary which could build a branch of that kind; but the provision upon which we have been insisting has been that the main lines of these companies should be built within Canada, and I see no reason why a similar provision should not be written into the present bill.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to make a few observations concerning this rather small but very important bill. I notice from the report of the Senate debates that they spent about five minutes on the bill, on second reading. That does not mean, however, that some time was not spent in committee.

A number of applications for charters for pipe lines have been received in the House of Commons in recent years. This of course indicates a need for pipe lines; but the fact that these applications come from large private companies also indicates that the building of pipe lines and the transportation of oil and gas is a very profitable undertaking in Canada at this time. Members of this group want to be certain that these lines are always in the public interest, and we want to know if they are built in relation to any over-all plan.

The pipe-line developments of today remind me of the railway developments of 50 years ago. At that time there were many railway charters granted by parliament without consideration of any over-all plan for the development of the country and, so far as I can find out, with very little study by the House of Commons or by committees of the house. This procedure of granting charters without some measure of planning and consideration for the future ended in bankruptcy for some well-known railways, with the investors being bailed out by the people of Canada assuming a huge funded debt, which is still a heavy burden on our people.

As we have repeated on a number of occasions we stand for the public ownership of pipe lines. But, failing that, we in this group believe everything possible must be done to protect the public interest now and in the future, so as to prevent a repetition of what occurred in connection with the building of railroads in Canada 50 years ago. I am referring to the unnecessary duplication of services, the unnecessary issuing of charters, and the waste and consequent loss to Canadian taxpayers.

On that account we believe this bill does raise certain questions. We want to know whether this pipe line is necessary and in the public interest. Second, we want to know if it is part of an over-all plan so as to prevent duplication, as well as future waste and unnecessary costs and expenditures. We are very much of the opinion that the building of these pipe lines is almost a duplication of the building of the railroads in this country and, if we are to prevent a repetition of the experience we had with the railroads, there should be some over-all planning with regard to the transportation of gas and oil in Canada. We are not convinced that this is being given effect to at the present time.

I was going to say, Mr. Speaker, that we wanted to know whether the company which may be granted this franchise and charter is going to speculate on that franchise or charter, or go ahead and build the pipe line. I judge from the remarks of the sponsor that there is no question but that the company applying for this charter intends to proceed with the building of the pipe line mentioned.

As I said before, 50 years ago our railroad charters were granted without any plan or much consideration for the future. Surely that experience should teach us as members of this house, and therefore responsible to the Canadian people, that we must do everything possible to prevent a repetition of those mistakes. When this bill is referred, as I expect it will be, to the committee on railways, canals and telegraph lines, the committee should investigate the several points raised by the hon. member for Vancouver-Quadra, and in addition several points I have raised in these few brief comments. Pending receiving complete information on the questions I have raised, this group does not give final support to this measure.

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, in connection with this bill, may I say first of all that, like others that will be coming before the house this session, it has my support. This particular bill will involve authority to one company, Westspur Pipe Line Company, to build, when and if needed, certain oil-gathering pipe lines across provincial borders and perhaps also across international borders, in order to most economically connect either present oil fields or oil fields to be discovered with main transmission pipe lines or with refineries.

A week ago a statement was made in this house by the Minister of Trade and Commerce. It was the text of the statement he had delivered to the United States government. I should like to refer to one paragraph of that statement before commenting further on this particular bill. The statement appears on page 2297 of *Hansard* of March 23:

> A great deal would certainly be lost in terms of continental efficiency if both countries were to develop their respective oil industries along purely national lines.

That statement is obviously correct. I fully agree with the government's conclusion, just as the United States oil industry and the Canadian oil industry fully agree that the soundest economic planning of pipe lines is quite right and in the best interest of the two countries.

To impose any restrictions that would prohibit any pipe line crossing an international border, and specifically the border between the United States and Canada, would be to impose a burden which could be extremely costly to this country as well as to our neighbour to the south, and could in fact make it impossible to build a direct connection by pipe line, which is the lowest cost method of transport, between certain United States refineries, United States pipe lines or Canadian pipe lines, which must have markets across the border. In other words, to enact any restrictions by legislation in Canada that would prohibit a pipe line from crossing the United States border would make it far easier for the United States to say, quite justifiably, "We have no direct connection with your oil fields; we have no financial investment; we have no lines of communication or transport with your fields; therefore it is far easier for us to use alternative sources of supply instead of Canadian crude oil".

To that extent I disagree with the comments made by my colleague the hon. member for Vancouver-Quadra (Mr. Green). I believe, sir, that this bill should be passed in its present form, just as other bills to come before the house should be passed in a form that will not prohibit the building of pipe lines on the most economical basis for the benefit of this country and perhaps also for the benefit of our neighbour to the south.

I believe this is one of those questions that should be raised at this time, namely whether this parliament, as it has in the last two or three years, should take on itself the responsibility of dealing with matters concerning pipe lines for oil and gas, or the marketing of oil and gas—matters about which unfortunately not too many members of parliament know too much—and take that power to decide away from a competent authority such as the board of transport commissioners, or any other board this government may set up. I am thinking of such boards as the Alberta conservation board, which will pass on any matters which will involve pipe lines over Alberta territory, and the Saskatchewan board that has been set up to look after pipe lines going through that province, the Manitoba board, the British Columbia board, and so forth. Let us not bind in advance the hands of such investigating bodies. Let these matters be decided upon the basis of evidence, not upon the basis of prejudice or upon the basis of misguided nationalism or anything else but plain economic common sense.

I would urge, sir, that the government find the means of taking out of the hands of parliament matters upon which parliament, I am afraid, is not competent to judge, and to put the whole question of routing the pipe lines, oil or gas, and the whole question of

the marketing of our oil or gas, into the hands of a competent board which can call witnesses and deal with all the economic and other phases of the over-all problems of putting Canada's oil and gas to work for Canadians.

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

CRIMINAL CODE

AMENDMENT WITH RESPECT TO WATER POLLUTION

The house resumed, from Friday, March 18, consideration of the motion of Mr. Diefenbaker for the second reading of Bill No. 186, to amend the Criminal Code (nuisance).

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, when it was declared six o'clock on March 18 last I had just begun my remarks upon this bill and had pointed out the reasons why I thought it was not adequate to deal with the problem with which it purports to deal; and had related to the house that a conference had taken place between representatives of the governments of Alberta, Saskatchewan and Manitoba in Regina on October 1. At this conference a unanimous decision was reached, subject to the approval and confirmation of the governments concerned.

Mr. Diefenbaker: Before the minister goes on with that, will he permit a question?

Mr. Garson: Yes.

Mr. Diefenbaker: It has to do with the suggestion he made the other day that the new section is different in import and purport from the old section. Before he goes on to explain the ramifications arising from the meeting that took place, will he be kind enough to explain wherein the new subsection 2 of section 165 is different from the old section that has been in the law for a number of years? I have not the section number in mind at the moment. The old section read:

> A common nuisance is an unlawful act or omission to discharge a legal duty, which act or omission endangers the lives, safety, health, property or comfort of the public, or by which the public are obstructed in the exercise or enjoyment of any right common to all His Majesty's subjects.

The minister pointed out the other day that the new subsection 2 of section 165 reads:

> (2) For the purposes of this section every one commits a common nuisance who does an unlawful act or fails to discharge a legal duty and thereby
>
> (a) endangers the lives, safety, health, property or comfort of the public, or
>
> (b) obstructs the public in the exercise or enjoyment of any right that is common to all the subjects of Her Majesty in Canada.

[Mr. Nickle.]

With the exception of the redrafting, what is different in these two sections?

Mr. Garson: If I understand my hon. friend's question correctly he is asking me whether I contend that the new section differs in any point of substance from the old section. I agree that there is no substantial difference between them. I did not argue that there was. All I was arguing was that the amendment moved by my hon. friend, whether made to the old nuisance section or, as he proposes, to the new one, was not for the reasons I have already developed a proper amendment for the purpose for which he was seeking it.

I was, and am, suggesting that a much more rational method of dealing with the problem of the pollution of rivers is not by any police court prosecution under the code at all, but by concerted action on the part of the governments concerned which will bring to bear upon what is essentially a health problem the work of experts in the field of health rather than the efforts of criminal lawyers.

I pointed out that a unanimous decision had been reached at the conference on October 1 that the three prairie provinces would join together in setting up a proposed joint pollution control board with certain functions. This board would first of all collect information as to the source and type of domestic, industrial and other waste being discharged or flowing into interprovincial rivers. Upon the basis of this information which had been so collected it would assess the physical, bacteriological and chemical effects of such wastes on water to be used for domestic, industrial or other purposes. It would then select priorities of use and establish the objectives for the control of pollution of these rivers. It would make recommendations for the correction of these conditions which might be shown to affect adversely the accepted use of the water in these rivers.

It would recommend, for example, the control of pollution by the granting of permits to those who may put any effluent into these rivers, or by any other means; and would recommend also such further action as might be required to meet those objectives which I have named. It would continue an educational campaign based on the fundamental idea that water is a valuable resource which must be protected and used logically.

And then it was agreed that the recommendations of the proposed joint board should be carried out by the provinces concerned, either through existing legislation or if necessary through new legislation; and that so far as possible the legislation of the three provinces concerned would be uniform.

Mr. Diefenbaker: Before the minister proceeds, would he allow a question? Does the minister realize that within the last few days Premier Manning of Alberta has announced that he will not make an appointment to such a board because to do so would place authority over the province of Alberta in a board composed not only of members from Alberta but from the other two provinces?

Mr. Garson: Yes, Mr. Speaker, I realize that, and I am coming to that point. First, however, I want to satisfy my hon. friend, if I can, on the point that arising out of these meetings a course of actual conduct is being carried on in relation to the waters of the North Saskatchewan river which in my judgment is infinitely more effective than any results which could be obtained by the passage of my hon. friend's bill and by criminal prosecutions thereunder.

There was agreement at this Regina conference of October 1, 1954, that there would be a technical staff for the proposed joint pollution control board composed of a senior public health engineer, a chemist and a clerk-stenographer, and the duties of these officials were outlined.

Now, it is quite true that subsequently the government of Alberta, as my hon. friend from Prince Albert has just stated, signified its unwillingness to join in the setting up of this joint board. But before I come to the statement of their position I think first I should place on the record an official statement which was supplied to me by Hon. T. J. Bentley, minister of public health for Saskatchewan, as his conception of the function which this joint pollution control board would perform. I am now quoting:

> It was conceived that this board would examine interprovincial stream pollution in a comprehensive fashion by selecting priorities of water use, assessing and co-ordinating all data pertaining to wastes and polluting substances, recommending suitable corrective action and conducting an educational campaign on the logical conservation of our invaluable water resources.

This was back some time ago and the statement goes on to deal with this matter concerning which Mr. Bentley was keenly disappointed by actions of the Alberta government, confirmed by Premier Manning in the communication to which my hon. friend from Prince Albert has just referred. I quote further from Hon. Mr. Bentley's statement:

> The government of Saskatchewan was keenly disappointed when it learned that Alberta was not prepared to accept this proposal for a co-operative joint control board. A counterproposal for the establishment of an informal committee to meet occasionally as problems arose was considered—

That is, by the government of Saskatchewan—

> —to be utterly inadequate.
>
> Further, the government of Alberta's assurances that it would do everything in its power to prevent the occurrence of any pollution, while welcomed, could not be accepted as a suitable substitute for a joint board designed to launch a comprehensive attack on the problem. A pollution episode as recent as January 3, 1955, at North Battleford and January 7, 1955, at Prince Albert adds additional evidence to the view that a joint control board is necessary.
>
> Consequently on January 18, 1955, Dr. W. W. Cross, minister of health for Alberta, has been requested to ask his government seriously to reconsider this proposal. Willingness of Alberta to discuss the creation of a joint control board would demonstrate its willingness to co-operate in finding permanent solutions for pollution of interprovincial streams.

I think it is only fair to also place upon the record the reply of Hon. Dr. Cross to this suggestion which was made by the government of Saskatchewan. Dr. Cross's reply takes the form of a letter dated January 24, 1955, addressed to Hon. Mr. Bentley, which reads as follows:

> I have your letter of January 18, 1955, regarding the pollution of the North Saskatchewan river and I believe it would help if I were to explain the procedures that are in effect in the Edmonton vicinity for the control of pollution.
>
> We are paying attention to a number of sources of possible pollution but as you are aware we are most interested in a particular material or group of materials which caused trouble one year ago. It is believed by the engineering staff here that this problem arises from one chemical plant and the odour is spoken of here as the "typical" odour.
>
> Aimed at the control of pollution, an Alberta team has been watching the North Saskatchewan river since 1950 and has collected a lot of useful information which has been supplied to your division of sanitary engineering and to the federal authorities. This team was enlarged last winter and additional help was obtained from the department of national health. Resulting from the work of these teams, specific orders were issued to a number of industrial plants in the Edmonton region and to the city of Edmonton.

Edmonton, by the way, would not be affected at all by my hon. friend's statement.

Mr. Diefenbaker: What was that observation?

Mr. Garson: My observation was that when Dr. Cross in his letter stated that specific orders were issued to a number of industrial plants in the Edmonton region and to the city of Edmonton, it was the city of Edmonton which would not be affected at all by the amendment of my hon. friend from Prince Albert which we are now considering. Then I continue with Dr. Cross's letter:

> To see that these requirements are met a number of checks have been established.
>
> 1. The various companies have been asked to report promptly any failure in their control machinery. The particular company which was considered to be the source of last winter's problem

now takes samples of their effluent every two hours and reports immediately if anything is found amiss.

2. The Alberta department of public health picks up samples daily from this plant's effluent and from the river at Fort Saskatchewan about 14 miles downstream from Edmonton. Recently equipment has been installed so that samples covering the whole 24-hour period can be obtained from these two points.

3. The Sherritt Gordon plant at Fort Saskatchewan uses the water on the North Saskatchewan river for domestic as well as for industrial purposes. They are very interested in the pollution question and have been asked to report immediately if anything unfavourable turns up.

4. At Duverney another plant has been asked to report. However, they do not use the water for domestic purposes and might easily miss contamination.

5. At Lindberg (about 25 miles west of the Saskatchewan border), the Canadian Salt Company uses North Saskatchewan water for domestic purposes and they too have been asked to report.

From the above you will see that the Alberta provincial board of health has issued orders which actually have controlled the situation. You will remember that last year the pollution was noted at Prince Albert, first in early November, whereas, this year, to date, only a few days of trouble have been noted and the river is again clear. Incidentally it might be worth while pointing out that our regular tests show that there is nothing objectionable in the river between Edmonton and Prince Albert at the moment.

That was on January 24, 1955. To continue:

This means that Prince Albert will have no reason to complain for at least 25 or 30 days and we see no reason to expect a breakdown in the control machinery in the future. In addition, a system of checks has been developed which will give prompt information as to any accident and, therefore, an opportunity for prompt corrections.

In early December our check at Fort Saskatchewan showed the "typical" odour. This lasted less than one day at the point but the period of pollution widened out as it went downstream. When this was checked at the place of origin the effluent was already back to normal and no reason for the pollution could be found. According to the plant staff, to the best of their knowledge, nothing had occurred in the plant which would account for the pollution which had occurred.

However, because of this "accident" the company has tightened up their controls and the odour factor is now well below the requirements of the Alberta provincial board of health.

Our department is well pleased with the effectiveness of the control procedures which have been developed and we feel that the plant from which the "typical" odour comes is doing a very good job in controlling their effluent and we have had every co-operation from them. Certainly a very marked improvement has been obtained over the condition which existed one year ago.

We believe that the above information indicates that an adequate system of controls has been provided and that a system of checks has been developed which does give prompt warning if any of the control mechanism breaks down.

May I give you the assurance of this department that everything will be done which can be done to prevent the pollution of interprovincial waterways. To this end we are quite prepared to have our technical staff meet with yours as suggested in my letter of October 22, 1954, so that by an exchange of information the best control measures may be maintained.

[Mr. Garson.]

That letter is signed by W. W. Cross, minister of health. In other words while the government of Ontario, after having sent its delegates to this meeting at Regina on October 1 and in spite of the fact that that meeting reached a unanimous decision, did not feel that it was possible to confirm that decision by joining in this joint interprovincial—

Mr. Diefenbaker: To what government did the minister refer?

Mr. Garson: The government of Alberta.

Mr. St. Laurent: You said "Ontario".

Mr. Garson: I am sorry. I meant the government of Alberta.

Mr. Diefenbaker: I thought there was a slip.

Mr. Garson: When I said "Ontario", I meant "Alberta".

Mr. Diefenbaker: I just thought I would have the matter cleared up.

Mr. Garson: That is all right. While it had taken part through its delegates in this meeting on October 1 and those delegates had agreed unanimously to the conclusions, and while the Alberta government did not feel free to confirm its adherence to this joint control board, I take Dr. Cross's letter to be a statement that his government was prepared to do, as a single provincial government, that which the joint control board would have done if it had been set up, and that to that end he was prepared to co-operate with the government of Saskatchewan and, if necessary, the government of Manitoba.

In view of everything that has taken place in this matter up to date, it seems to me this co-operative attack upon the problem offers the best hope we have of improving conditions. While I do not profess to be any expert in these pollution control measures—that co-operative attack seems to me to involve the acceptance by all concerned, that is those situated on the upper part of the river as well as those situated on the lower part of it, of the principles with regard to the pollution of boundary waters which were adopted by the international joint commission years ago, and which have been generally accepted by public health authorities since then.

Hon. members will recall that when this matter was up for debate about a year ago I outlined some of the steps that had been taken by the international joint commission with regard to the heavily polluted waters in the Detroit-Windsor area, for example. Those principles indicate that the waters of

normal surface streams—and this would certainly be true of the North Saskatchewan river, as I am sure my friend the hon. member for Prince Albert would agree—are not safe to drink until they are treated in water purification plants. From that it follows that since the waters of normal untreated surface streams are not safe to drink there is no reason, when industrial development begins, to prevent the disposal of wastes into such rivers, always provided that the total load, made up by all contributors of effluents, does not exceed the normal capacity of modern municipal water purification plants. While in this present case my hon. friend's amendment to the Criminal Code does not apply to public corporations at all and therefore has no effect upon municipalities, it is noteworthy that the pollution of the North Saskatchewan river, both before and after this straw that broke the camel's back which has been the cause of all this discussion in the house—

Mr. Diefenbaker: It was no straw; it lasted three months.

Mr. Garson: If my hon. friend wishes me to put it that way I shall describe it as the anvil that broke the camel's back. I was about to say that the pollution of the North Saskatchewan river is a composite matter. For example, below Edmonton 50 per cent of the biological oxygen demand pollution load is contributed by that city. Apart from the fact that criminal prosecutions are a most unsatisfactory method of dealing with problems of this sort, even if we accepted the untenable premise that that was a good method my hon. friend's amendment would leave out of account, in this very situation which he is attempting to cure, that factor which contributes 50 per cent of the pollution load at the present time.

Mr. Diefenbaker: What factor is that; municipal sewage?

Mr. Garson: Yes, quite.

Mr. Diefenbaker: That was not what we were disturbed about.

Mr. Garson: No, that is not what my hon. friend is disturbed about; but if he were aware of the fact that the capacity of a river to accept more pollution depends upon the load it is already carrying he would understand that a very substantial contributing factor to the inability of the North Saskatchewan river to carry the additional pollution put into it last year arose from the fact that there was a basic pollution load of 50 per cent already before the latest effluent was put into it at all.

Mr. Diefenbaker: Will the minister allow a question?

Mr. Garson: Yes, certainly.

Mr. Diefenbaker: If my amendment were altered to include municipalities which put raw sewage into rivers and thereby contribute to the pollution, would the minister then accept it?

Mr. Garson: I am now expressing my own personal views. I would not accept it because I would think if that were done it would expose a great many municipalities, including perhaps the city of Ottawa, to prosecution in police court, which prosecution would in my judgment contribute very little, if anything at all, to the solution of the problem with which the hon. member is attempting to deal. In other words, I do not think police court prosecutions are a solution for river pollution. In my opinion the only result of my hon. friend's amendment would be that it would have a very mischievous, disruptive and disturbing effect upon municipalities that discharge effluents into rivers all over Canada, not only in the three western provinces of Alberta, Saskatchewan and Manitoba but in all or nearly all provinces of Canada. It would cause a great deal of mischief and make no progress whatever toward a solution of the problem.

The solution by co-operative effort lies along the lines I have been indicating. In line with the letter of Dr. Cross which I have quoted I am told that the companies concerned have been co-operating wholeheartedly in the matter, and that during the past year they have spent something of the order of $500,000 in an effort to cure this difficulty. I think it is partly as a result of the conference held in Regina on October 1, 1954, that it has been possible to get that degree of co-operation from industry and that degree of co-operation from the government of Alberta, notwithstanding the fact that it did not agree to the setting up of a joint interprovincial board. As Dr. Cross's letter clearly indicates, and as is also indicated by the heavy expenditure of money that has taken place largely under the auspices of the province of Alberta—it had to be under their auspices since it took place in that province—much greater results leading to a solution of the problem are being achieved already than could conceivably take place as a result of the amendment my hon. friend proposes to make to the Criminal Code.

Mr. Deputy Speaker: Order. I am extremely sorry to interrupt the minister but I am obliged to advise him that his time has expired.

Mr. Garson: As a matter of fact, Mr. Speaker, your intervention to advise me that my time is up has occurred almost at the precise moment when I have exhausted my material.

Mr. Diefenbaker: Go on. As a matter of fact I think the minister is long over his allotted time because of the time he spoke the other night, but he should continue anyway.

Mr. Garson: I can do no more than to recapitulate that the reason I am strongly opposed to the hon. member's amendment and intend to vote against it is that even if it were conceded that we could cure a problem of this sort by police court action, I think his amendment is still defective. I think it is defective as an amendment and I also think it is fundamentally misconceived and defective because this is not the proper method to deal with a problem of this kind. There is also the additional reason why we should not deal with it in this way at the present time, namely that it is being dealt with quite effectively in the proper manner and by proper authorities, the provincial governments concerned.

Mr. Diefenbaker: On an interprovincial river?

On motion of Mr. Campbell the debate was adjourned.

Mr. Deputy Speaker: May I remind hon. members that at eight o'clock the house will resume the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

The house resumed consideration of the motion of Mr. Harris for committee of supply, and the amendment thereto of Mrs. Fairclough, and the amendment to the amendment of Mr. Regier.

UNEMPLOYMENT

Mr. Alistair Stewart (Winnipeg North): There are now, Mr. Speaker, between 600,000 and 700,000 unemployed in this country. There is no more serious domestic problem than this; yet the degree of importance which the government attaches to it can be seen in the way they have treated this debate since its inception almost four weeks ago. It has been kicked about from pillar to post. It has had to make way for the most inconsequential legislation, and that I think is evidence of the degree of the government's real interest in the matter. In the conduct of the house business there has been nothing more incompetent than the way this debate has been run. That being so, we need not be surprised at the incompetent way in which the suffering of so many hundreds of thousands of Canadians is being treated today.

It has been said before in this debate, and I repeat it, that it is high time the Prime Minister spoke. After all, he is the leader of the government. He has to take his measure of responsibility. It is not good enough for the Prime Minister of Canada to just sit tight and say nothing, to present no program at all for his government. We expect something more than that. His predecessor would have given us much more. At least we would have been inundated with a barrage of words, words indeed so confused and confusing that the very faculties of eyes and ears would have been confounded. But not this Prime Minister; he plays it rather differently. If I may here paraphrase a dramatic criticism I read once, he plays King as though somebody else had the ace. It is not good enough. The fact that he desired to remain silent is no excuse at all for him or for the government. At least the late prime minister had some ideas as to what should have been done about 15 years ago in connection with the plight of the employable unemployed. Mr. King said then that to transfer to this government the whole cost of the employable unemployed would prevent a repetition of the confusion, inefficiency, waste, delay and inequalities which admittedly have prevailed in relief since 1930. The Liberal party believed that 15 years ago, yet nothing has been done about it.

Mr. King said that to transfer the whole cost of the employable unemployed would prevent a repetition of confusion, yet this government revels in confusion. He said that it would prevent a repetition of inefficiency, but the government wallows in its own inefficiency. Mr. King said it would prevent a repetition of waste, but the government glories in waste. He said it would prevent a repetition of delay, and the government delights in delay for obviously it is hoping that by delay the problem of unemployment somehow or other will be solved. Mr. King said that to transfer the whole cost of employable unemployed would prevent a repetition of the inequalities which we have seen, yet this government seems to exalt those very inequalities.

The debate has, unhappily, savoured too much of a repetition of what we heard last year when the opposition, and indeed the people of Canada, frustrated and angry at not knowing the solution and not knowing the government policy, saw a smug and lethargic government mouthing platitudes. Some of these are worth considering. The Minister of Labour (Mr. Gregg), for instance, said that the federal government has a duty to sponsor national policies that will encourage a high level of employment. What he said was true, but we have tried in vain to find out what those policies are. Two ministers have spoken, and neither has enlightened us. They both praised the past and carefully forgot the present and the future.

As I said, the minister believed the government should sponsor national policies which would encourage a high level of employment. The government may argue that today there is a high level of employment, but the fact remains there are between 600,000 and 700,000 unemployed and we still do not know what is the answer of this government to the all-absorbing domestic problem which confronts us. The minister said that we should look at these facts quietly and sanely. But what sort of sanity is this on the part of a government which permits, and apparently willingly permits, homes in this country to be broken up, for that is the net effect of unemployment as anyone who has been through it must know. Part of the Liberal clap-trap which we have been fed repeatedly, especially around election time, is this stuff about the sanctity of the family.

What can we say about a government which professes to believe in the sanctity of the family and yet, as a deliberate act of policy, permits those families to be destroyed and broken up as we know they have been, from evidence which has been adduced. In an attempt to secure municipal relief for their families men are leaving them and going heaven knows where. Young men who have to make a way for themselves in life are leaving their homes and going from one town to another. They are unwelcome visitors, and all too frequently are given a railway ticket to some other town so the municipality can avoid paying for their cost of living while they are unemployed.

Today we heard some objection taken by the Leader of the Opposition (Mr. Drew) to a remark of my colleague, the hon. member for Nanaimo (Mr. Cameron), who said that the miseries of the unemployed were being obscured in other clap-trap about liberty. There have been a tremendous number of crimes committed in the name of liberty, and a tremendous number of clichés hurled at us in the name of liberty. But there are various concepts of liberty, Mr. Speaker, for I maintain that it is possible to be bodily free yet still enslaved. The great mass of Canadian workers who are today compelled to live in the thraldom of fear of what may happen to them tomorrow are not free men. But liberty certainly may have some meaning. There is the liberty to go to the soup kitchen, the liberty to be unemployed, the liberty to travel from town to town looking for work. Liberty, as I construe it, means something vastly more than that. Liberty in a modern democratic state must take into consideration the liberty of a man's spirit and soul, as well as the liberty of his body.

As I have said in the past in this house, poverty has caused more hurt and more harm in this world than all the wars which have yet been fought. But the government apparently does not realize that the poverty which arises from unemployment is more than detrimental to the family. It can destroy the individual in a more fearsome way than any nuclear weapons, in that weapons can destroy the body while what arises from unemployment will destroy a man's mind, a man's soul. We have seen that happen too often in the past.

Then another extraordinary aspect of the government's attitude toward this problem was in this statement that many unemployed workers have already been assisted by family allowance payments and old age pensions. In other words the government is depending upon robbing children to see that the unemployment problem is alleviated. I thought the purpose of these family allowances was to help children, not give some sort of subsistence to the unemployed. The statement says that the unemployed are being assisted by the old age pension. That is a wonderful source of solace to those over 70 who still are compelled to work because the pittance given them by this government as a pension is so utterly and completely inadequate. The fact remains that the government has no policy.

At page 1630 of *Hansard* the Minister of Trade and Commerce said in this debate that productive activity has not been sufficient to absorb the net increase in persons coming into the labour force. If that is so, what is the minister's policy? What is the government's policy to make the productive activity sufficient to absorb the tens and hundreds of thousands of Canadians in this country who want work and who cannot get it because the government has no policy?

Then the minister went on to say that our difficulty in Canada is seasonal unemployment. But that is not the whole difficulty, by a long sight. I would like to know if the government has any policy to solve the problem of seasonal unemployment. The Minister of Finance (Mr. Harris) is going to be given the opportunity next week in his budget speech. Perhaps then he will make some declaration about policy. If we cannot smoke out the Prime Minister and get him to make a declaration this week, perhaps we will get it from the Minister of Finance next week.

Two or three weeks ago a resolution was sent to the Department of Labour from the Winnipeg labour council. My colleague, the hon. member for Winnipeg North Centre, made reference to it today, and as it was not among the papers submitted to him perhaps I might deal now with some of the points mentioned in it. It says that the labour council calls upon the federal government to take measures to meet the unemployment situation immediately by—

(1) Starting a public investment program federally, municipally and provincially, to build houses, schools, hospitals, roads and so on.

The Winnipeg labour council, along with other labour councils across Canada, are asking for a three-way partnership in this, but it should not be an even three-way split so far as responsibility goes, because obviously the municipalities of Canada are not in a position to pay as much as the federal government, which is the principal taxing power in Canada.

The labour council asks that more homes be built. There is a drastic need for them, despite the evidence which was given by officials of Central Mortgage and Housing Corporation last year in the House of Commons committee on housing. I maintain that there is a need for over 500,000 houses in this country. This year we may have built 105,000 or 110,000, and I ask you to note that these houses were not built for those who needed them most. No, they were built for those who could afford them most, those whose incomes are, let us say, above $4,000 a year. The majority of Canadians do not earn that much money a year. It is for them we have to build houses, and we have to build them on a subsidized basis.

While I am all in favour of a man having a sufficient stake in his country so that he may own his own home, nevertheless it is a demonstrable fact that there are a great many who would prefer to rent their homes. For these people, if the proper accommodation is to be provided, rentals have to be sufficiently low that they can afford to pay them which, in turn, will mean subsidized housing. But the government has turned a blind eye to this whole procedure. It is against the concept of subsidized rental housing. That is one reason there is so much immobility in labour today. It is all very well to say that labour ought to become more mobile, that labour ought to go about from town to town looking for work. But if a man has a stake in his own home, and has a family, he will think several times before he will leave that home and go to another city without any certainty at all that work is going to be available for him. Government policy has helped to make labour immobile.

There are other homes needed. There are homes needed for the aged people in this country, for our old age pensioners, to permit them to spend the evening of their lives in some decency. There is no reason why this government could not co-operate with the provinces and the municipalities in the building of homes for old age pensioners, on a subsidized basis, whereby these old people could know some happiness in the last years of their lives.

Then we need schools in this country; we need them desperately in almost every city. It may be said that this would be federal aid to education. But in the past this government has not been averse to giving federal aid to education, and it has introduced supplementary estimates to help rebuild schools gutted by fire. One of the problems of the municipalities is that they are faced with the necessity of providing either schools or roads. I have in my constituency the two municipalities of East Kildonan and West Kildonan, and in these areas are many married couples with young children. The taxing powers and revenues of those municipalities are quite inadequate to build both schools and roads. They have to make up their minds which are going to be built. Quite rightly the money goes toward the building of schools; but this still leaves people living on streets which at this time of the year are almost impassable.

There is scarcely a province in this country that does not need more hospital beds and more hospital accommodation. Here is an area in which the federal government could help the people of Canada all across the country by providing the financial assistance necessary to build hospitals where required.

Another way in which the minister might be of some assistance next week would be in relieving the municipalities of the sales tax they have to pay on so many things they buy for the uses and purposes of the municipalities. One of the worst examples, of course, is the sales tax which the municipalities

must pay on educational equipment. I suggest that this government, when the main burden of roads and schools is on the municipalities, ought to give them this minor relief.

The Winnipeg labour council goes on in item No. 2 to say that the federal government should take measures by providing out of the consolidated revenues extended benefits for those who have exhausted their unemployment insurance benefits, but are still unemployed. The council states that the government should give them some form of assistance. One of the unhappiest groups in this country today must be those whose benefits have run out and who know that there is no work available for them in the communities in which they live. They have to exist on something. What happens is that they become a charge upon the municipality and, too frequently, upon those who are least capable of withstanding the financial burden.

The labour council then asks that there should be a nation-wide public assistance program to provide for workers not covered by unemployment insurance. There are hundreds of thousands of these workers. At least 20 per cent of our labour force are not covered by unemployment insurance. What happens to them when they find their jobs gone, when they find themselves dismissed, or when a plant is closed down? What hope is there for them except to go on under a form of relief known as municipal assistance? And, once again, the government leaves it entirely to the municipality to bear the financial burden of that assistance.

Then the labour council asks that there should be increased unemployment insurance benefits. After all, if this is a democracy in the modern sense of the word then surely there are certain things which go along with it, and it seems to me that in a democracy a man has the right to work. There has to be a bill of social rights as well as a bill of human rights. Surely a man has a right to work in a modern democracy. If through no fault of his own he becomes penalized by unemployment, then I do not think it is right that the family should have to bear the brunt of that penalty. In other words there is a case which can be made out in economics and a case which most certainly can be made out in morality for very much larger payments to the unemployed from the unemployment insurance fund than they now receive.

One of the results of increasing unemployment insurance payments would be to create more demand in the country, to stimulate demand, and therefore to that extent to stimulate employment in other areas.

Another point raised by the labour council is that the government should, by increased efforts, promote exports through special trade missions and trade agreements with specific countries, and should lower the barriers of international trade generally. I hear in this house frequently, even during this session, this synthetic and phony fight between Liberals and Tories as to which is the low tariff party in Canada. They are both high tariff parties; that is all there is to it. The Liberals will keep the tariffs up and even increase them as long as it suits their particular purpose. But by increasing tariffs we are strangling trade, and by strangling trade we increase unemployment, and the effect is bound to be seen throughout the whole body of our society.

Then we have this labour council asking for adequate measures to maintain and increase farm purchasing power, because the workers of Canada know that when the purchasing power of the farmer goes down there will be unemployment. The urban workers and the rural workers are completely interdependent. When things are going well on the farm, when there is a high farm income, the farmer spends that income in the city, and when he does that in the cities there is high employment and in turn the city worker buys back those things which the farmer himself produces. One group cannot be well off and the other hope to exist not even reasonably well-off; the two are too completely interconnected. Therefore one of the basic attacks which should be made on this problem of unemployment is first of all to increase farm income so that farmers can buy the products of their brothers in the cities.

Another matter which the labour council brings up is this. They ask the federal government to take measures to combat unemployment by substantially increasing Canada's contribution to the Colombo plan and to the United Nations' technical assistance program. Obviously the labour unions of this country are very much further ahead than the government in connection with this matter of assistance to the underprivileged countries. It is an easy matter to get a vote through this house to give arms and equipment to other countries. It is confoundedly difficult to get through a vote that will give economic assistance to the underprivileged countries of the world, and those are primarily the countries of Asia. What they need above all today is capital assistance so they can start to bring themselves up from the poverty in which they now exist. Asia is going to become industrialized, and if we are wise we shall be playing our part now amongst our friends in Asia in helping that industrialization.

This policy would have several effects. One, it would create friends for us in Asia; two, it

would help to combat communism by raising their standards of living; and three, and no less important, it would give very important and valuable work to Canadians.

The eighth point of the labour council is this:

> By special measures to help depressed industries and depressed areas by bringing industries to such areas or by helping workers to move to places where work is available.

There are hundreds of thousands of unemployed in this country today who want work. They are not work-shy, but they do not have the financial resources to permit them to transfer to another city, and of course they have no knowledge that when they get to another city they are going to find work. The government has to take some initiative in this matter of helping those who want to go to other places to find work by subsidizing them financially.

The government has to do more than that. It is more than a matter of factories here and factories there. What this country wants to know is what is the policy of the government. We do not know, because we have not been told; and surely the very least the Prime Minister owes to this house, and to Canada, is, before this debate is over, to rise in his place and make that statement of policy for which all Canadians are waiting.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I desire to speak in support of the subamendment to the amendment respecting unemployment which is now before us. It is quite obvious that I am surprised at having to immediately follow a speaker from this group. It would appear, sir, that on this most important issue of unemployment the Conservatives and the Social Crediters have folded up. I cannot say the same thing for the Liberals. They have not folded up, because they could not; they have never opened up.

Even though there is now, according to their own last figures, a total of something in the neighbourhood of 614,000 Canadian citizens in search of employment—a figure, may I say, only just 225,000 below the peak of unemployment in the hungry 1930's—I have been surprised that, although this subamendment has been moved, not a minister on the government side of the house has seen fit to speak.

I want to say at the outset that I very definitely have been amazed at the fact that although this debate has been going on now for approximately four weeks, and although the numbers on the unemployment roll have been increasing, according to government figures, the Prime Minister, as the head of the government of Canada, has not seen fit to speak. We know the Prime Minister is very busy, but he has been here quite often. He has never moved from his seat to take part in this debate on the biggest problem that is facing the people of the Dominion of Canada. I can only say, sir, that he has the same aptitude as those who are taking part in the rocking-chair marathons which are now the rage in some parts of Canada. He sits glued to his seat.

This is a mighty important issue. It is not one that can be answered by complacency on the part of the government, or complacency on the part of those who support the government. I can come to only one conclusion—I do not like to come to it—and that is that those who support and inform the government either have never been unemployed and hungry or they have forgotten what it is to be unemployed and hungry. I am rather afraid that perhaps the complacency of being a $10,000 or $27,000 a year man has so settled their stomachs that their brains are atrophied. They are refusing completely to face up to the facts and the situation that is facing hundreds of thousands of our people here in our Dominion of Canada.

I know it has been said and even boasted by government supporters that there is going to be a dominion-provincial conference held around April 26. According to the Prime Minister he would be surprised if the question of unemployment was not raised. Well, Mr. Speaker, a preliminary discussion on April 26 to lay plans for a dominion-provincial conference some time in the fall cannot be a great deal of satisfaction to those who are in need of food, of shelter, of clothing and of jobs at the present time.

With all due deference to the first citizen of Canada, who is our Prime Minister, it is not a sign of good government, it is not a sign of leadership in our dominion for him, while he can be in the house, to remain in his seat stroking his moustache and saying nothing about the problem or what the government is going to do about it.

Mr. Speaker, I have been unemployed, and I have gone hungry. I notice that of the 614,000 unemployed in Canada, according to the government's figures, 62,000 live in the province of British Columbia and 31,000 of those live in my own city of Vancouver where I, too, in 1931 and 1932, was unemployed, where I had to go on relief and walk over two miles each two weeks to get supplies and then take them home in a gunnysack.

And then, sir, I knew heads of families by the dozen who went hungry day after day

in order that their children could have more at that time, under Liberal and Conservative governments and under your system of free enterprise. What happened? Tear gas by police battalions; concentration camps for single men at 15 cents per day, until the war came along.

This pertains to our present situation. It has been said by the Prime Minister, and I was surprised to hear him say it, that he does not think the situation is sufficiently serious that it cannot be handled by the provinces. We shall continue to point to that statement until something is done to fill the promise and commitment made by the federal government in 1945, when it promised to assume responsibility for the employable unemployed in Canada.

The provinces are not financially capable of taking care of their employable unemployed. I wish to say most emphatically that no province in the Dominion of Canada would dare to take care of the unemployed even on a humanitarian and Christian basis if they were not domiciled in that province, because immediately they did so that province would attract an influx of all the unemployed in the dominion. I care not what province it might be, very soon the province would be bankrupt if it ever outlined such a policy, much as the provinces might like to do on a humanitarian basis. From my many years of experience in the province of British Columbia I know that province received an influx of transient unemployed; they are there today. The province does not dare take care of them for the reason I have just outlined.

And what does this government do? The members sit back smug in the knowledge that they will continue to receive their $10,000 and $27,000 a year and let the unemployed go to blazes—

An hon. Member: That is not true.

Mr. Winch: It certainly is true. I defy the Minister of Labour, the Prime Minister or the Minister of National Health and Welfare, who interrupted so much this afternoon, to get up and outline any policy whereby this government will accept the responsibility for the permanent and transient employable unemployed. You know they won't. You have only to look back in *Hansard* and read the speech of your own Prime Minister, who said the problem is not so serious that the provinces cannot take care of it. That statement has been made I think not less than three times during the present session, and not less than twice since the commencement of this debate on unemployment.

Mr. Speaker, there is no use of our Liberal friends trying to bluff their way out of this situation. They are not facing up to the problem. They are hoping that something will happen, that these people will remain quiet, quiescent and acquiescent, and that in the summer jobs will open up or perhaps a war will occur.

I wonder how many of those in this house who support free enterprise have ever troubled to trace back in their own minds their experiences during their lifetime in this dominion, to observe the recurring cycles of depression and war and prosperity through war? On the basis of the present unemployment figures it is difficult to understand the reasoning of the government and its lack of action in relation to the unemployment problem. As I pointed out on a previous occasion, the Dominion of Canada from 1914 until the end of December of last year spent the sum of $44,047,947,807 for war. Surely something is wrong with the Minister of Labour, the Prime Minister and every member who supports this government if they can sit here complacently, with full knowledge that when we require $44 billion for war and defence we can readily find it, and not outline any policy in this house during the past four weeks for action to take care of, first, the immediate unemployment situation and second—and perhaps I should have put it first—the granting of a degree of security to the unemployed in this dominion who are definitely in need.

I wish to point out that if Canada were to go to war tomorrow this government would move and within 24 hours take care of all the financial requirements of war. They could take care of those more than 614,000 unemployed and do as they did in the last war, put 1,100,000 Canadian men and women into uniform and feed and clothe them and take care of them in every way. My hon. friends know they could. Why will the government not take action to correct the unemployment situation? Is it not an indictment of the Prime Minister, his cabinet and every Liberal on the floor of this house that we have proven that we can—and I say we will—have full employment in Canada if men and women want to die for Canada? However, the government will not budge now to take care of the 614,000 unemployed who want to live for Canada.

If we required small arms tomorrow in Canada this government would lay down policies so that we could have the small arms. Is it not logical to ask that they lay down some policy to take care of the 885,690 homes in Canada that have neither hot nor cold water piped in? If we required war planes tomorrow in the event of war, we would get them. The

orders would be issued, the plants would be built, and the men and women would be employed. Why does the government not take care of the 998,660 homes in Canada that do not have inside toilets?

If we needed warships, we would have them. Why cannot the government assist in providing electricity to the 443,000 homes in Canada which have no electricity? If we needed medical care, clothing, ammunition and transportation for a million men and women in the armed forces tomorrow, this government would supply them and would do so mighty fast. If necessary they would exert extraordinary powers to accomplish this. In a time of peace, when the men and women and the factories are available, and when the House of Commons is in session and can pass any immediate legislation that is required, why can we not take care of the 1,200,000 homes in Canada that have no refrigerators of any kind; the 938,000 homes that have no vacuum cleaners of any kind; the 1,400,000 homes that have no telephones, and the 2,000,000 people who have no cars?

That is not rhetoric, Mr. Speaker; it is fact. We have the resources. We have the men and women with the brains and brawn. We have the machinery of production and distribution. We have the democratic parliament. Why is it that the government is not prepared to move in a war against poverty, depression and unemployment when it is prepared to move in a fighting war? I ask that every hon. member who supports this government in its inaction ask himself this question.

I believe one of the reasons is that this present government has never had a plan. Its policies are confusion confounded or confounding confusion, whichever way you want to put it. For some reason best known to themselves they have advanced confusing policies, with the result that private industry itself, which wants to get to work, has not been able to get to work because it did not understand government policy and also because this government has not exercised sufficient initiative to give a lead to Canadian industry and Canadian investment. We should have more in the way of secondary industry, and do more in the way of utilizing our own natural resources, instead of exporting our natural resources as raw material and then importing the finished product.

Mr. Speaker, I said there are policies of confusion confounded, and there are. A few weeks ago in this house I mentioned the fact that there were companies in the shipbuilding industry where we have thousands of unemployed, thousands of skilled men and women out of work, but that this country was not permitted to build ships for certain other countries. The Minister of Trade and Commerce and in particular the senior member for Halifax (Mr. Dickey) endeavoured to give an answer. What was the answer given in this house by the senior member for Halifax? I presume that what he pointed out was government policy. In a quotation from some communication he stated that the department had advised some firm as follows, and I quote from the second column of page 1386 of *Hansard*, part of the speech of the senior hon. member for Halifax:

> Perhaps you would be good enough to inform us if your clients are prepared to place firm orders with you on the basis of detailed specifications.

Mr. Speaker, since the hon. member for Halifax placed this statement on the record I take it that was the government viewpoint and government policy; would this firm advise the Department of Trade and Commerce as to whether their clients were prepared to place firm orders on the basis of detailed specifications. If that is the policy it certainly is confusing, because that is exactly opposite to the policy enunciated only a few weeks previously by the same department in connection with the same firm. I have here copies of two letters. Here is one dated January 3 from the Department of Trade and Commerce, foreign trade service. I want to quote this one section. It is to the same firm and it says:

> We would, therefore, suggest that in the case of any items on the export control list which you wish to ship to destinations other than the United States or in the case of any shipments whatsoever to area control destinations, you consult us for a ruling before you go after firm business. A telegram, a letter or 'phone call in this regard would enable us to give you a speedy ruling.

That is not the only one. I quote from a letter dated December 27, also from the Department of Trade and Commerce to the same firm. What does it say?

> It would be wise to make sure that an export permit would be granted before you go after the business and obtain firm orders. It is possible to obtain export permits before business is obtained.

I am quoting from copies of letters sent out by the Department of Trade and Commerce to people interested in bringing new business to the Dominion of Canada, to the shipyards of eastern and western Canada. They are told by the Department of Trade and Commerce, "See us first about export permits; see us before you ever go after any firm business". Then on the floor of the House of Commons we are told by the senior member for Halifax, quoting from something else, "Get firm business first".

That is enough, Mr. Speaker, to show the confusion that must exist in this department. If that is an example of the way in which

the department operates, no wonder that even private enterprise in Canada, most certainly desirous of keeping their plants operating and most certainly desirous of building up export trade, do not know where they stand, do not know what to do. So they throw up their hands and let it go, a situation which naturally leads not only to the part-time operation of plants but, of necessity, to unemployment.

On the shipbuilding end we were told by the Minister of Trade and Commerce that we are in line with Great Britain. I cannot see it. Just the other day in our Canadian newspapers I read that Sir Wingfield Digby, civil lord of the admiralty, said that British shipyards are free to accept orders from the U.S.S.R. and other eastern European countries. My main point is the confusion. I have quoted only from statements of the minister and the senior member for Halifax and from actual copies which I had made from the originals, which were sent out within a matter of only a few short weeks, as to what had to be done by a company that wanted to try to get into the export field.

I also made mention of the fact that there is a great deal of unnecessary unemployment in Canada because the government has not shown initiative in having manufacturing done with our own raw materials. I was most interested in the statement made the other day with regard to the threat by the United States to curtail the import of crude oil from Canada. If it were not tragic, Mr. Speaker, it would be humorous. Here we have members of this group rising day after day, week after week and month after month, when it is a matter of dealing with a problem of the agricultural producers of this country, when the United States are taking action in the field of agricultural products by stopping imports of our products into the United States, and all we get are a great many platitudes and sanctimonious statements from the Minister of Trade and Commerce. But lo and behold, when there is talk in the United States of some action being taken to curtail the importation of our crude oil, the government and the Conservatives are up on their feet screaming their heads off to high heaven about it. We wonder why. Of course we want to export but, Mr. Speaker, the Minister of Trade and Commerce made the statement from his place in the house last year that Canada had exported $7 million worth of oil and refined oil products to the United States, and we had imported $130 million worth from the United States.

We now have a 30-inch oil pipe line, the Trans Mountain, going into the municipality of Burnaby right next to Vancouver. Because of that pipe line oil companies—yes, private enterprise companies—poured millions of dollars into new refineries and additions to existing refineries. What happened? From that 30-inch pipe line a 20-inch pipe line was run to Ferndale, Washington. We want to export all we can export, but is there not something wrong when the Liberals and Conservatives scream to high heaven about any talk of a stoppage of the flow of our crude oil to the United States, and at the same time say that we are importing $130 million of refined oil products into Canada and only exporting $7 million worth? We have the ability to do the refining in our own country, employing our own industry and our own men and women. We should give more thought to getting more advantage out of our own black gold instead of spending our money on United States oil.

What is true of that raw material is also true of many others. With my knowledge of the resources of Canada and the abilities, capabilities and potentialities of the people of the dominion, I am convinced that if we had a government with any initiative, any vision—yes, any principle of Canada and Canadians first, Canadian employment first and the utilization of Canada's resources in this country—we would not have the number of unemployed we have at the present time. I say that the records of Liberal and Conservative governments have proven the absolute inability of their system to function except in time of war. They have proven their incapacity to govern. They have no vision and no plans.

We cannot expect that the government, even if they are awakened, are going to be very speedy in making long-term plans. Certainly they should have an answer to the request that they proceed now to lay down immediate plans to make certain that no person goes hungry or in want in our country until such time as they can put plans into operation to enable free enterprise to give employment to everyone desiring, able and willing to work.

I think it is an absolute disgrace that we have a Prime Minister, a cabinet and followers of the government who are prepared to move on an hour's notice if men are prepared to die for Canada but are not prepared to take action when there is unemployment in our land. I say they will prove themselves to be a government when they lay down policies and take action to take care of the men and women of this dominion who want to be self-respecting residents of their communities, who want to be true citizens of this country and live for the Dominion of Canada.

Unemployment

Mr. H. W. Herridge (Kootenay West): Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Herridge: If hon. members will be patient for a moment or two they will see that I shall not take much of the time of the house. Because of having to attend several committee meetings, I have not had the opportunity to participate in this most important debate. However, with full knowledge of the serious nature of the unemployment situation in Canada and a great personal concern about that situation as it affects many Canadians, I rise at this time simply to express my support for the amendment to the amendment moved by the hon. member for Burnaby-Coquitlam (Mr. Regier). I also wish to express my support of the vigorous pleas made by members of this group to the government to do something to remedy this most unfortunate situation.

May I also say I was particularly taken with the excellent speech made by the hon. member for Winnipeg North Centre, in which he visualized a long-term plan that would reach its consummation in the year of the 100th anniversary of this country. I thought he outlined a number of practical proposals that should appeal to the imagination of the government and the people of Canada. I trust that as the result of this debate the government will take some immediate action to remedy the present situation and develop long-term plans so that this unnecessary evil, unemployment, will be banished from Canada for all time.

Some hon. Members: Question.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I could not let this opportunity pass—

Some hon. Members: Oh, oh.

Mr. McCullough (Moose Mountain): —without having something to say about the serious problem facing Canada today.

Mr. Dickey: Have you got anything to say?

Mr. McCullough (Moose Mountain): I am quite certain that the 600,000 unemployed indicated by the statistical figures—

An hon. Member: Repetition.

Mr. McCullough (Moose Mountain):—will not be smiling tonight but will be taking their situation quite seriously. I feel that the speeches that have been made in the house asking the government to be serious about this problem will, if nothing else, surely bring about some action rather than the sit-down strike which seems to be in force on that side of the house. It is not sufficient for Liberal members to say they are concerned. What the people want is action.

It seems to me that once again history has repeated itself. We have gone the full cycle of the threat of war, then war, then a period of prosperity, and now once again the beginning of a period of depression. Certainly there is no member on either side of the house who can get up tonight and say there is any program under the capitalist system by which our people can be given useful employment. They simply have not brought forth such a plan.

When we on this side of the house make certain representations to the government they and their supporters more or less laugh at them. We are faced today with perhaps the last chance to bring democracy to the world. I say to those on the other side of the house who espouse democracy that unless we can bring about that democracy in the social and economic spheres of the world we are not going to win against communism, and they can chuckle in their collars about that if they like. That is the problem facing the world at this time.

Here in Canada we have our own serious problem. I do not think it behooves us to look far afield and find trouble with other types of economies unless we can do better at home than we have done. The latest figures published by government departments indicate that there is a continued increase in unemployment, and it is surely up to the government to get busy and do something about it.

I have already stated that it seems the cycle of history is repeating itself. I say that with good reason, because today the farmers in this country are suffering from a loss of markets as a result of the capitalist philosophy of so-called overproduction. The farmer has been too progressive, too good in his husbandry, and has produced more than people can eat. Yet we find that the nations of the world have not been able to use these foodstuffs to feed the hungry.

One could readily understand what a real problem it would be if it were one of trying to produce enough food for the people. But when it is possible for Canada and the United States, which are both capitalist countries, to produce an abundance of foodstuffs and other things to enable their people to have a high standard of living, yet no way is found to give these people an opportunity of enjoying those things, then surely any person with any sanity at all will agree that something is decidedly wrong. All we in this group are asking is that those who sit on the government benches do something about it. If you have an answer, then we

want it. We are quite prepared to support any of your policies if you will announce them, but do not sit back in smug complacency and try to disregard this serious situation.

Apparently it is not only in Canada that we are running into this cycle. I have here a clipping which indicates something which is happening in another part of the world. From this article it would appear that next year when an atomic explosion takes place there may be a smell of coffee in the air. It may well be that it will be a true smell, indicating that there is a surplus of coffee in Brazil which they are burning. We can all remember the recent increase in coffee prices. It appears that, so far as the capitalist countries are concerned, those who put their complete and unfailing trust in the capitalist system apparently have no answer to the problem of distribution, the problem of giving the people the purchasing power with which to buy back some of the foodstuffs they have produced.

Now, Mr. Speaker, I know full well that the members of all groups in this house are good members. They are concerned about their constituents. They are concerned about the unemployed. I want to pose this question to those who are always defending this competitive system, the so-called free enterprise system. What satisfaction is it to the 600,000 unemployed to know that each and every one of them is competing against the other for a job to earn the bread and butter for their families? That is what takes place unless there are jobs for these people to enable them to do decent and honest work to earn a living for their families. I do not care in what part of the house any hon. member sits, he must be concerned about this situation.

There are people who are well paid and who, perhaps, through conviction adhere to one philosophy or another. They, perhaps, are quite honest in their convictions and I grant them the right to their own convictions. But we have certain people like Max Eastman who, in the last issue of *U.S. News and World Report,* apparently made an attack upon the socialists throughout the world. He said they are the biggest flop in history. All we need do is look over the countries in which God has been provident, and where we have been able to produce an abundance under the capitalist system, yet we find that those countries are unable to prevent these recurring depressions. There are these recurrent unemployment situations such as the one in which we find ourselves today.

Now, Mr. Speaker, there are a lot of reasons why no government under a capitalist system can find an answer to this problem. I recall that in 1945, prior to coming here, we heard it said that after the war the government would have a shelf of public projects and if unemployment started to show its ugly head the people would be put to work. What has happened to that? A year ago I required of the Minister of Public Works what had happened to that program, and he indicated that there was no program. Back in February, 1951, the manpower council was set up. What has become of this manpower council? We have been told in this house this year that they have not met; they have not been doing anything. Why have they not been doing something? I should like to ask those responsible cabinet ministers what they have been doing about this problem. It seems they have been doing very little, so we find ourselves in a worse situation all the time.

Tonight's Ottawa *Journal* indicates that there is going to be a revision of the Unemployment Insurance Act. So far as we in this group are concerned we do not believe that unemployment insurance in itself is the answer to this problem. It may be a good thing, and it certainly is a good thing for people who cannot find jobs or who are temporarily unemployed. But we believe that in this country, with all our resources, we can put our people into useful employment. These people could help themselves provided we had a government which would get out and do some planning that would provide employment. The government has put all its faith in the free enterprise system.

The war ended in 1945, and by 1947 the government had started to remove price controls. One after another they were thrown out the window, until we had a condition of unbridled free competition in this country, the kind hon. members opposite seem to like. This has meant that the people who are in a position to charge more and more for the commodities which they produce, and get more and more profits, have practically priced Canadian products out of the world market. Today we are in a very competitive world situation, and we cannot sell many of our goods. It is for this reason we find many factories shut down. They simply cannot meet foreign competition because of the high cost of production in this country.

Let it not be said that it is labour in this country that has been responsible for the increased cost. It is true that today our labour force is enjoying better conditions than ever before, but it is equally true that the profits made since 1945 in some industries have increased year by year. That in itself is the most important reason.

Unemployment

Then we have another situation which has a direct relationship to the position in which we find ourselves. I have a clipping here from a newspaper which indicates that when the United States attempted to get a waiver under the Geneva agreement the Minister of Trade and Commerce, the Minister of Finance and the Secretary of State for External Affairs went to Washington as fast as they could to see what could be done about the situation. They knew full well that such action would have an effect on the Canadian economy as well as on Canadian agricultural products going to the United States or into world markets. But apparently, according to the article and according to the statement of the Minister of Trade and Commerce in this House of Commons, they were defeated over there if they put up any tremendous fight to have Canada's position verified and supported in respect of those agreements. Consequently we find today that the United States has now been allowed legally to do under GATT things which formerly they were doing perhaps quite illegally and in breach of the Geneva agreement.

The whole situation is one of indifference on the part of the government. Not only did it not see fit to protect our people in the post-war period so they could buy back the goods they were producing under adequate price controls, but it has left the farmers in a position in which their incomes have drastically deteriorated. This fact has been effective in decreasing employment in those industries which depend upon farm purchasing power.

I would like to put on record figures to show the fall in farm income, a condition which is largely due to the prices the farmers receive for their products, rather than to any lack of production. According to the figures issued by the dominion bureau of statistics it is estimated that the drop in net farm income last year was $400 million. In the three-year period from 1951 to 1954 there was a drop from $2,150 million to $1,200 million, or 44 per cent.

This can have only one effect upon the Canadian economy. When we western members came to the House of Commons and tried to advance the idea that we should have adequate floor prices for farm products, that a national livestock marketing board should be set up, with guaranteed parity prices for farm commodities, in effect we were promoting an idea which would be beneficial to the whole economy and would give us a type of stabilization for all our economy at the same time.

What has happened is this. Last year we saw 6,000 workers in the farm implement industry without work. They sent a delegation to Ottawa. I sat in on the conference when they met the Minister of Trade and Commerce. At that conference the minister told the workers, when they asked where they were going to get jobs, that they would have to go to other places and find them. The result is that these people have been looking for jobs; they have been going from pillar to post in search of them.

In all major industries there has been a decline in employment. According to the figures of the government's own bureau, the dominion bureau of statistics, there has been a drop of 11 per cent in employment in the clothing industry, 11 per cent in the railway equipment industry, 11 per cent in the automobile parts industry, 17 per cent in textiles, 17 per cent in primary iron and steel, and 20 per cent in farm machinery.

I feel that if this government were to undertake a program—not just an emergency program, but a long-term plan—to put our people to work, it could be done. That should be a program of full employment, but with this dominion government taking the responsibility it agreed to take in 1940 when the British North America Act was changed, when it undertook to bring in unemployment insurance. As a result of that change I maintain the federal government took the responsibility for unemployment in this country. I say the responsibility rests with the federal government.

There are a number of plans by which the government could make a real beginning. So far as I am concerned I welcome any increase in unemployment insurance, or any enlargement of its scope at this time. The government has been remiss in its duty in failing to undertake a program as the necessity has arisen, by which our people could be properly employed.

This, however, has not been done. We know what is the immediate problem, and I do not think it is sufficient to wait until we have a dominion-provincial conference, worthy as that may be, because when that conference is called there will be dickering back and forth between the provinces and the dominion not only in connection with jurisdictional rights but also in connection with grants. Then the provinces will have to go back to their level of government and begin to carry out some plans. What I want is something begun by the federal government right away. I want them to take the responsibility at this moment, and to begin herewith.

One of the things they should do—it might mean a change in the budget proposals, or the bringing in of supplementary estimates; I do

not care how it is done—is the implementation of a national health program. I am sure it would receive the support of this party and also the party sitting to my right because they, too, have spoken in favour of it. The hon. member for Spadina (Mr. Croll), who sits in support of the government, I am sure would stand behind a program of this kind, because I understand he supported it in the campaign as a result of which he was elected to this parliament.

If instead of waiting, as it did in 1945 when the green books were brought out, it were to assemble data for a national health program, it could begin now with health grants to the provinces, and the provinces could make their plans for a national health program. We need hospitals in every province of Canada. Under the hospitalization plan in Saskatchewan we have advanced to the stage where perhaps we need very few new hospitals. However, I was reading an article—I do not have it with me—in which the minister of health in the Ontario government indicated that they are short of hospitals, and that they do not have the facilities for the treatment of many of the diseases we treat in Saskatchewan on a free basis. I am thinking of polio, cancer, and some other diseases. That is something tangible upon which a start could be made at the present time. If this government had the will to do so, I am sure there is a way.

We remember back in the war years when the government said that anything physically possible would be made financially possible, and that is the principle we should adopt in this instance. Anything physically possible should be made financially possible. I am saying that a national health plan should have a real beginning this year, particularly when we have so many unemployed. The construction of hospitals would employ large numbers in the building and service trades. It would mean that we would also set up—and in my estimation quite properly—grants so that we would have technicians, doctors, nurses and those other persons who are necessary so that when a national health plan came into operation they would be available to look after it.

Any member who has studied the need for a national health plan, and the problems involved in it, will recognize that first of all a great deal of groundwork must be done before such a plan can become operative. The government should not sit idly by at this time and do nothing about it, particularly when they had it in their program in 1919 and again in 1945. Let them get busy and do something about it. This is the time to make the beginning. Start now by giving grants to the various provinces. Get in touch with the ministers of health, and do not dicker along for six or eight months or a year trying to find out who is responsible, or who will do something about it. Do it yourselves, and insist that the provinces come in with you. I am sure they will do so quite readily. You will not have to force it upon any of the provinces if you are really sincere about bringing in the initial stages of a national health plan.

There is one thing we should do, Mr. Speaker, when we realize that there are so many breadwinners unemployed, some of them even eating in the soup kitchens. Because of that fact many children will not be getting proper health care; they will not be getting their teeth attended to; they will not have the operations and the other medical care they should get. A national health plan would be of tremendous benefit to this country if the government would be serious about it and immediately undertake such a program.

There is another thing we can do. I wish to refer to public works projects which have been advocated by different members in this house. I hold in my hand a newspaper report of a speech delivered by the Minister of Public Works, in which he said that a public works program was no panacea for an economy. That may well be, Mr. Speaker, but those of us on this side of the house, and particularly in this group, have never believed and I do not think will ever believe that a public works program would not be beneficial at this time. We have felt that a public works program would in fact be very beneficial at this time. We could build roads and spend a large amount of federal money to put our people to work. I do not think we need to have the sort of theory the other parties had in the 1930's. At that time it was the intention at first to put people to work so they could have some wages. I am talking now about useful employment, construction of highways, public buildings, beautification of our parks, things which will be beneficial to the country.

It is well known that the central government of the United States puts money into every single road in every state in the union. That is a principle which should be accepted in this country. The central government of this country receives the greatest percentage of the revenue of this country, and is therefore in a position to help our provinces and municipalities in the construction of both provincial and municipal roads. Therefore it should take into consideration the practicability of helping those various levels of government so they can undertake their own responsibilities.

Because of the rising cost of production and the rising cost of operation of hospitals, together with the general rise in prices everywhere, our provinces, and particularly our municipalities throughout Canada, are finding it more difficult to carry out their responsibilities at the local level. Rather than remit taxes to private enterprise, such as the government did in 1947 to the tune of $460 million in revenue, when they cut off the excess profits tax, the government should reimpose those taxes. It has been said that private enterprise needs more incentive to make more profits to be in a position to put our people to work. I am one who is convinced that you will never have full employment in this country without public enterprise and public money going into those projects which will make this a better country in which to live.

In the farming industry we have experienced a severe set-back during the past year. I say to the Minister of Labour and to the government that while unemployment insurance will perhaps help those people who have had jobs and who qualify for unemployment insurance, it will not help many of our agricultural workers and other common labourers who do not come under the unemployment insurance scheme. If those people have to depend upon the kind of relief we had in the 1930's, then of course you can understand, Mr. Speaker, the hardship that will be involved in that type of situation.

I am hoping that what I have said will have some effect on this government. We have sat in this house listening and waiting for some proposals to come from the other side which would confirm the fact that they were prepared to meet this situation head on with a program which would give us some answer to the serious unemployment problem. We are disturbed, and I am disturbed over the fact that in addition to the people who are unemployed, many of our people who have little or no incomes, such as the old age pensioners, are, owing to the higher cost of production and the higher cost of living, worse off today than they were in 1939. I do not think this is satisfactory. I believe the government should increase old age pensions so that our older citizens may be able to live decently. It would help to satisfy many of these people.

As farmers in this country, we want our food eaten; we want it to be made useful to the hungry people of the world. I have often heard the Minister of Agriculture say that the farmers' best customer is the Canadian people. Let us make them our best customer for our farm products. Let us have a program under which our older people will have adequate incomes and jobs so they can sit down to their tables well laden with the products of our farms, butter, pork, cheese, beef, eggs and everything else. If we achieve that goal we shall have a better situation than we have today. We know that many of these 600,000 people cannot get the kind of living they are entitled to in this country. What I am saying in effect is that this government is washed up. I was going to use a stronger expression, Mr. Speaker. We are not satisfied that this is petty criticism of the government.

I came here after the last election quite prepared to listen to anything the government had to say after being returned by the electors of this country. If they had a program that could guarantee us full employment, that could guarantee the farmers farm security and could guarantee the workers job security, I was quite prepared to listen to what they had to say and to support their program. Since that time the situation has been getting worse and worse, and they do nothing except sit in their places and belittle what we say from this side of the house. If they have better programs, I shall be quite happy to listen, but we just do not want to make this whole matter frivolous. It is quite serious.

Some hon. members are saying that I have taken 40 minutes. It may seem like 40 minutes to them, I do not know. I do not mind one bit whether they like it or not. I am trying to put forth what I think can be a program for the Canadian people. Our people in this country, rich in resources and rich in men and women ready to work, are not prepared once again to go back into the hungry 1930's or anything like that. We believe the challenge is great today. If we are fighting anything we are fighting an idealistic war, a cold war or a hot war.

I have often heard members across the way talk about communism. If we are to fight communism we have to fight it with an idealism that is going to be better than theirs, with an economic philosophy, with a social philosophy and, if you like, with a spiritual philosophy that is better than theirs.

It is not sufficient, Mr. Speaker, just to cat-call. It is not going to be sufficient simply to try to belittle the ideas of others. We will first have to have a positive program in this country. We will have to put our own house in order before we go across the seas and try to cram down the throats of other people the idea that we have the best system in the world.

I believe the democracy we have in this country, fortunately, is not necessarily tied to capitalism or free enterprise. There are social and economic orders in other countries, such

as New Zealand, where they do not have a capitalist philosophy operating in their economy at the present time. Therefore I for one believe that to the political democracy we have to add the economic democracy; and by economic democracy I mean full employment, self-determination and the means by which we can have fullness of life in an economy rich with resources.

We can have that, Mr. Speaker, when the government opposite is prepared to sit down and do some thinking and some planning, and put into operation some of the things we on this side of the house have asked it to do.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I have in my hand a letter from Miss Nora Lea, president of the Toronto branch of the Canadian association of social workers. This letter is of interest to every member from metropolitan Toronto, and I presume each member of the house who comes from metropolitan Toronto has received a similar letter. It is an invitation to us to attend a meeting of this association to be held in Toronto on Saturday morning next. The purpose of the meeting, as stated in the letter, is this:

> —we would like to consider with you what is the present situation with respect to employable people for whom jobs are not available, who are ineligible for unemployment insurance, or whose benefits have run out.

The concluding paragraph of the letter states:

> We will look forward to considering some of these aspects with you and your colleagues in the house as well as the members of the other level of government in the Toronto area. This is a matter of serious import to great numbers of men, women and children in this community.

Now, Mr. Speaker, the problem which confronts me and the other members from the Toronto area—and it must also confront the Liberal members as well as the opposition members—is that although this debate has been going on since the 1st of March we have as yet received little information from the government which we could take back to these people on Saturday morning in order to tell them what is the answer to their problem.

I presume the minister will be closing this debate, so I would ask him if he would be good enough to give a direct answer to two or three questions. First of all, can he give us some assurance that at the forthcoming meeting with the provinces this question of responsibility for the employable unemployed will be discussed, and that a serious effort will be made to reach an agreement regarding the responsibility for those people?

Unemployment

My second question is, will the minister consider extending the deadline for the supplementary unemployment insurance benefits beyond April 15, in view of the fact that late spring is approaching with its effect upon unemployment?

My third question is this. Has the government given consideration to or is the government prepared to take steps such as those suggested by the hon. member for Spadina? As far as I am aware, the hon. member for Spadina is the only member speaking from the government side who has put forth any concrete proposals as to what should be done, and who has done anything except make an effort to apologize for the government's present position. Has the government given consideration to undertaking a housing scheme, for instance, or any other public works program involving as it will deficit financing in order to meet the unemployment situation?

If the minister will give us an answer to these three simple questions we shall have something concrete to take back to these people with whom we will meet in Toronto on Saturday morning.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

The house divided on the amendment to the amendment (Mr. Regier) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss
Argue
Bell
Bennett, Miss
Blackmore
Blair
Brooks
Bryce
Cameron (Nanaimo)
Campbell
Cardiff
Charlton
Churchill
Diefenbaker
Drew
Fairclough, Mrs.
Ferguson
Fraser (Peterborough)
Fulton
Gagnon
Gillis
Green
Hahn
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hansell
Harkness
Hees
Herridge
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Lennard
Macdonnell
McBain
McCullough (Moose Mountain)
McGregor
McLeod
Michener
Mitchell (London)
Monteith
Montgomery
Nesbitt
Nicholson
Nickle
Noseworthy
Nowlan
Patterson
Pearkes
Perron
Quelch
Robinson (Bruce)
Rowe
Small
Stanton
Starr
Stewart (Winnipeg North)
Thatcher

Thomas
Trainor
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Winch
Zaplitny—71.

NAYS

Messrs:

Anderson
Ashbourne
Balcom
Batten
Benidickson
Bennett
Boisvert
Bonnier
Boucher (Chateauguay-Huntingdon-Laprairie)
Bourget
Bourque
Breton
Brisson
Brown (Brantford)
Brown (Essex West)
Bruneau
Buchanan
Cameron (High Park)
Cannon
Caron
Carrick
Carter
Cauchon
Cavers
Crestohl
Croll
Dechene
Deschatelets
Deslieres
Dickey
Dumas
Enfield
Eudes
Eyre
Fairey
Follwell
Fontaine
Forgie
Fraser (St. John's East)
Gardiner
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hardie
Harris
Harrison
Hellyer
Henderson
Henry
Hollingworth
Hosking
Houck
Huffman
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
LaCroix
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacDougall
MacEachen
MacKenzie
MacNaught
Macnaughton
McCubbin
McCulloch (Pictou)
McIlraith
McIvor
McMillan
McWilliam
Mang
Marler
Martin
Matheson
Meunier
Michaud
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nixon
Philpott
Pickersgill
Pommer
Pouliot
Power (Quebec South)
Power (St. John's West)
Purdy
Ratelle
Reinke
Richard (St. Maurice-Lafleche)
Richardson
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
Rouleau
St. Laurent
Shipley, Mrs.
Simmons
Sinclair
Stick
Stuart (Charlotte)
Thibault
Tucker
Valois
Villeneuve
Weaver
Weir
Weselak
White (Waterloo South)—130.

[Mr. Speaker.]

Mr. Speaker: I declare the amendment to the amendment to the main motion lost. Is the house ready for the question?

Mr. Fulton: Just before you put the question, Mr. Speaker, I think it might be appropriate to observe under the circumstances of this evening that the residual effects of some of those hard facts about which we have read lately appear to have affected the judgment of some of my hon. friends opposite.

The house divided on the amendment (Mrs. Fairclough) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss
Argue
Bell
Bennett, Miss
Blackmore
Blair
Brooks
Bryce
Cameron (Nanaimo)
Campbell
Cardiff
Charlton
Churchill
Diefenbaker
Drew
Fairclough, Mrs.
Ferguson
Fraser (Peterborough)
Fulton
Gagnon
Gillis
Green
Hahn
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hansell
Harkness
Hees
Herridge
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Lennard
Macdonnell
McBain
McCullough (Moose Mountain)
McGregor
McLeod
Michener
Mitchell (London)
Monteith
Montgomery
Nesbitt
Nicholson
Nickle
Noseworthy
Nowlan
Patterson
Pearkes
Perron
Quelch
Robinson (Bruce)
Rowe
Small
Stanton
Starr
Stewart (Winnipeg North)
Thatcher
Thomas
Trainor
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Winch
Zaplitny—71.

NAYS

Messrs:

Anderson
Ashbourne
Balcom
Batten
Benidickson
Bennett
Boisvert
Bonnier
Boucher (Chateauguay-Huntingdon-Laprairie)
Bourget
Bourque
Breton
Brisson
Brown (Brantford)
Brown (Essex West)
Bruneau
Buchanan
Cameron (High Park)
Cannon
Caron
Carrick
Carter
Cauchon
Cavers
Crestohl
Croll
Dechene
Denis
Deschatelets
Deslieres
Dickey

Dumas	MacDougall
Enfield	MacEachen
Eudes	MacKenzie
Eyre	MacNaught
Fairey	Macnaughton
Follwell	McCubbin
Fontaine	McCulloch (Pictou)
Forgie	McIlraith
Fraser (St. John's East)	McIvor
Gardiner	McMillan
Garland	McWilliam
Garson	Mang
Gauthier (Lake St. John)	Marler
Gauthier (Nickel Belt)	Martin
Gauthier (Portneuf)	Matheson
Gingras	Meunier
Goode	Michaud
Gour (Russell)	Mitchell (Sudbury)
Gourd (Chapleau)	Monette
Gregg	Murphy (Westmorland)
Habel	Nixon
Hardie	Philpott
Harris	Pickersgill
Harrison	Pommer
Hellyer	Pouliot
Henderson	Power (Quebec South)
Henry	Power (St. John's West)
Hollingworth	Purdy
Hosking	Ratelle
Houck	Reinke
Huffman	Richard (St. Maurice-Lafleche)
James	Richardson
Jutras	Roberge
Kickham	Robertson
Kirk (Antigonish-Guysborough)	Robichaud
Kirk (Shelburne-Yarmouth-Clare)	Robinson (Simcoe East)
LaCroix	Rouleau
Lafontaine	St. Laurent
Langlois (Berthier-Maskinonge-Delanaudiere)	Shipley, Mrs.
Langlois (Gaspe)	Simmons
Lapointe	Sinclair
Lavigne	Stick
Leduc (Gatineau)	Stuart (Charlotte)
Leduc (Jacques Cartier-Lasalle)	Thibault
Leduc (Verdun)	Tucker
Lefrançois	Valois
Legare	Villeneuve
Lesage	Weaver
Lusby	Weir
	Weselak
	White (Waterloo South)—131.

Mr. Speaker: I declare the amendment to the main motion lost.

Mr. Patterson: I should like to raise a grievance, so may I move the adjournment of the debate?

Mr. Speaker: The hon. member has, I think, spoken in this debate.

Mr. Knowles: He spoke to the amendment.

Mr. Speaker: Then the question arises, on a motion to go into supply, even if an amendment and subamendment have been moved; is it not true that a member can speak only once?

Some hon. Members: Question.

Mr. Speaker: It is now ten minutes past ten o'clock, and I shall put my finger on the authorities and be in a better position to assert my point when this motion comes before us again. I want to tell hon. members that on a motion to go into supply one may speak only once. He may speak on any subject whatever, but only once. He cannot raise two or three grievances. Hon. members have chosen to speak on unemployment, and those who have spoken on that particular subject have disposed of their right to speak about other grievances on this motion; see Beauchesne's third edition, citation 468.

Mr. Quelch: Some members have already spoken twice, on the amendment and the subamendment.

Mr. Speaker: The hon. member may be quite right in that some hon. members have taken advantage of the situation to speak on the amendment and the subamendment in the same debate, because once an amendment has been moved that, in itself, creates a debate and the subamendment is a consequence of the first one. I agree with the hon. member that there is that complexity about it.

As I say, there is the opportunity of moving one amendment and one subamendment with respect to one grievance. The minute you want to go from one grievance to another subject, as some hon. members do who have spoken on the first grievance, they ought, especially if they have spoken twice on the amendment and the subamendment, to be reasonable and wait until another motion is moved in order to discuss another grievance. If hon. members are satisfied with my views at this moment, we might perhaps ask if the house is ready to accept the main motion.

Some hon. Members: Question.

Mr. Hamilton (Notre Dame de Grace): Although the debate has been long, Mr. Speaker, I think my memory is still longer and I do not remember having spoken to the main motion or either of the amendments. I have a particular grievance which I should like to place before the house, so we might perhaps leave the matter until tomorrow.

Mr. Speaker: If the hon. member has not spoken, and if he wishes to do so, it is his right. I shall, therefore, have to put the motion for the adjournment of the house at this moment.

Mr. Knowles: Before you rule on the point raised when the hon. member for Fraser Valley (Mr. Patterson) attempted to speak, will you permit us to make representations on the point tomorrow?

Mr. Speaker: As I said, I am not deciding the point at the moment. If hon. members had been ready to accept my views I would

have considered it decided. If they are not, I shall put my finger on the authorities and give them later. I know that the authorities do exist, and I shall quote them to the hon. member. If at that time hon. members have views on the subject, I shall be very pleased to hear them.

Some hon. Members: Question.

Mr. Quelch: I would like to point out that the hon. member for Fraser Valley (Mr. Patterson) has not spoken on the main motion. He spoke only on the amendment.

Mr. Speaker: That does not alter the point. Let us say that at this moment, until the point is decided—it is time to adjourn—we will postpone any settlement of this question to whatever time the motion is presented again.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow, relying on the unanimous consent given on Friday, I shall move to go into supply to take the remainder of the supplementary estimates. Then, if this matter has been cleared up and if it is not likely that there will be much in the way of grievances, we possibly could consider calling those after the supplementary estimates, but not necessarily so. In any event we shall also call the War Veterans Allowance Act and, if there is any time, any legislation standing in the name of the Minister of Northern Affairs and National Resources.

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

HOUSE OF COMMONS

Wednesday, March 30, 1955

The house met at 2.30 p.m.

PRIVATE BILL

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. J. H. Harrison (Meadow Lake) moved:

That the petition for a private bill to incorporate Consolidated Pipe Lines Company, presented on March 29, 1955, together with the clerk of petitions' report thereon of March 30, 1955, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

QUESTIONS

NO. 1 FEED SCREENINGS

Mr. Castleden:

What are the requirements of grain content of No. 1 feed screenings, as certified by the board of grain commissioners?

Mr. Dickey:

Regulation No. 7:

No. 1 feed screenings shall consist of wild buckwheat and broken and shrunken grain and may contain small portions of other seeds of feeding value and wheat scourings. It shall contain not more than three per cent (3 per cent) small weed seeds, chaff and dust combined, not more than five per cent (5 per cent) ball mustard, not more than six per cent (6 per cent) small weed seeds, chaff, dust and ball mustard combined, not more than eight per cent (8 per cent) wild oats, and shall be cool and sweet.

UNEMPLOYMENT STATISTICS, QUEBEC

Mr. Boisvert:

1. How many persons were registered with the national employment offices in (a) Trois-Rivieres; (b) Sorel; (c) Drummondville, in the province of Quebec, on the 1st of January, 1950, 1951, 1952, 1953, 1954 and 1955?

2. How many of these persons were in receipt of unemployment insurance benefits at the same dates?

Mr. Gregg:

1. The number of unplaced applicants on the reporting dates closest to January 1, 1950-1955 and the number of active claimants for unemployment insurance benefit (exclusive of short-time claimants who are not usually registered for employment) on December 31, 1949-1954 in the Drummondville, Sorel and Trois-Rivieres employment offices are as follows:

Unplaced Applicants

Reporting Date	Drummondville	Sorel	Trois-Rivieres
Dec. 29, 1949	1,367	2,189	4,116
Dec. 28, 1950	1,170	1,759	3,279
Jan. 3, 1952	1,695	1,365	3,813
Dec. 31, 1952	2,022	1,655	5,040
Dec. 31, 1953	2,918	2,149	5,293
Dec. 30, 1954	2,243	3,070	5,225

Active Claimants

Reporting Date	Drummondville	Sorel	Trois-Rivieres
Dec. 31, 1949	1,117	1,760	3,377
Dec. 31, 1950	840	1,731	2,606
Dec. 31, 1951	1,537	1,215	3,574
Dec. 31, 1952	1,891	1,366	4,585
Dec. 31, 1953	2,923	1,992	4,355
Dec. 31, 1954	2,141	2,980	4,721

2. The records in local employment offices are not kept in a manner which readily identifies those applicants for employment who are actually in receipt of benefit. The data described as active claimants represent those applicants who make a claim for benefit. In the process of adjudication some of these claims may be disallowed.

Unplaced applicant statistics are compiled by the employment branch of the local office and claimant statistics by the insurance branch. Because there is always a certain number of applications and claims in process, it is possible on occasion, such as is shown above for Drummondville on December 31, 1953, for the number of claimants reported to be slightly in excess of the number of applicants.

MENTAL INSTITUTIONS—PATIENTS

Mr. Proudfoot:

1. How many patients were residing in Canadian mental institutions at the end of the calendar years 1943 and 1953?

2. What are the ratios of the numbers of these residents to the number of persons in Canada?

Mr. Dickey:

1. 1943, 46,631; 1953, 60,565.

2. 1943, 395.9 per 100,000 population; 1953, 410.4 per 100,000 population.

Questions

GOVERNMENT EGG PURCHASES

Mr. Hahn:

1. How many dozen eggs were purchased by the government to place in storage, during the years 1952, 1953 and 1954?
2. What was the total cost of handling, phone calls, telegrams and meetings, in the procurement and holding of these eggs for each of the years indicated?
3. In each of the above years, what was the (a) freight cost; (b) expense of regrading; (c) over-all gross cost of the eggs?
4. What was the net loss or gain to the government in the handling of eggs for each of the above years?

Mr. McCubbin:

1. Shell eggs were purchased in storage according to the specifications of the agricultural prices support board as follows: 1952 production, 1,345,980 dozen; 1953 production, nil; 1954 production, 4,953,768 dozen.

2, 3 and 4. (a) 1952 egg costs subdivide as follows:

Egg purchase cost	$548,854.65
Freight and cartage	24,984.47
Telephones and telegraph ..	2,228.90
Storage following purchase	4,107.12
Other costs of handling	3,769.15
Gross cost	583,944.29
Revenue from sales	520,401.84
1952 net loss to the board ..	$ 63,542.45

The trade was responsible for any regrading in both buying and selling operations.

(b) No eggs purchased in 1953.

(c) Accounts are not yet complete for 1954 shell eggs but all eggs not resold as shell eggs have now been processed into frozen egg melange by the board. Present estimates indicate that the total net loss may be about the $700,000 estimated by the Minister of Agriculture in his statement to the agricultural conference in December 1954.

FISH STICKS

Mr. Bell:

1. Do any concerns process fish sticks in Canada?
2. If so, what concerns, and where?
3. What has been the total production each month since January, 1954, of cooked and uncooked fish sticks in Canada?
4. What has been the total export of cooked and uncooked fish sticks to the United States since January, 1954?
5. How does the export tariff on fish sticks compare with the tariff on the other main fish products?

Mr. MacNaught:

1. Yes.

2. There is no official record but it is known there is production by eight or nine firms.

[Mr. Dickey.]

3. Information not available on monthly basis. Total production 1954—1,693,000 lbs. Production 1955 to February 28—836,181 lbs.

4. Figure not available but quantity insignificant.

5. Presuming reference is to United States market, import tariff in that country makes it uneconomic to export fish sticks to that market.

R.C.M.P., NELSON, B.C.—AUTOMOBILES

Mr. Goode:

1. How many automobiles have been purchased for the Royal Canadian Mounted Police in Nelson, British Columbia, in 1954, 1955?
2. Were these purchased subject to tender?
3. If so, what firms tendered and what were the tender prices submitted to the government?

Mr. Garson:

1. 1954, 6 automobiles; 1955, 3 automobiles.

2. Yes.

3. List of firms and net prices quoted after deduction of trade-in allowance on old car are set forth below:—

1954

Dealer	Net Price
(A)	
Dafoe Service Ltd.	$1,494.35
Beacon Motors	1,663.21
Superior Motors	1,740.83
Mel. Buerge Ltd.	1,746.08
Nelson Transfer Ltd.	1,831.79
Wiginton Motors	1,884.85
Peebles Motors	1,888.97
(B)	
Wiginton Motors	1,744.40
Nelson Transfer Ltd.	1,810.79
Beacon Motors	1,823.93
Peebles Motors	1,820.25
Mel. Buerge Ltd.	1,897.18
Superior Motors	1,963.77
(C)	
Beacon Motors	1,691.37
Peebles Motors	1,762.20
Mel. Buerge Ltd.	1,847.13
Nelson Transfer Ltd.	1,881.79
Superior Motors	1,943.16
Wiginton Motors	2,066.85
(D)	
Peebles Motors ..'.....	1,986.90
Beacon Motors	2,085.03
Wiginton Motors	2,202.05
Nelson Transfer Ltd.	2,287.21
(E)	
Beacon Motors	1,724.78
Peebles Motors	1,755.55
Wiginton Motors	2,058.55
Nelson Transfer Ltd.	2,143.44

Dealer	Net Price
(F)	
Wiginton Motors	1,705.07
Mel. Buerge Ltd.	1,732.12
Nelson Transfer Ltd.	1,774.36
Beacon Motors	1,814.87

NOTE:—Quotation of Wiginton Motors later withdrawn as firm unable to supply car.

1955

(A)	
Nelson Transfer Ltd.	$ 973.10
Peebles Motors	999.93
Wiginton Motors	1,346.35
(B)	
Nelson Transfer Ltd.	1,373.10
Peebles Motors	1,346.43
Wiginton Motors	1,646.35
(C)	
Nelson Transfer Ltd.	1,673.10
Peebles Motors	1,829.39
Wiginton Motors	1,861.35

NOTE:—In cases of 1955 purchases listed above, no prices on Ford products were procurable owing to strike.

MENTAL INSTITUTIONS—ADMISSIONS

Mr. Proudfoot:

1. How many patients were admitted to Canadian mental institutions in 1943 and 1953?
2. What are the ratios of the numbers of these admissions to the number of persons in Canada?

Mr. Dickey:

1. 1943, 10,946; 1953, 23,131.

The above includes first admissions and readmissions.

2. 1943, 92.9 per 100,000 population; 1953, 156.8 per 100,000 population.

The above includes first admissions and readmissions.

STATIONARY ENGINEERS

Mr. Knowles:

1. Have arrangements yet been made for stationary engineers and firemen employed by the federal government to be put on the five-day 40-hour week?
2. If not, will such arrangements be made soon?

Mr. Pinard:

1 and 2.

Approval has been given to a five-day 40-hour week for stationary engineers and firemen and will become effective as soon as sufficient additional stationary engineers have been trained to meet departmental requirements.

Motion for Papers

INSTITUTIONAL COSTS PER PATIENT

Mr. Proudfoot:

1. What was the average per diem cost of caring for and treating patients in Canadian mental institutions in 1943 and 1953?
2. What were the corresponding costs for patients in tuberculosis sanatoria and in public general hospitals, during each of these years?

Mr. Dickey:

1. 1943, $0.98; 1953, $2.70.

2. Tuberculosis sanatoria (non-federal sanatoria only) 1943, $2.65; 1953, $6.25.

Public general hospitals: 1943, $4.08; 1952, $10.45; 1953, data not yet available.

QUESTION PASSED AS ORDER FOR RETURN

"O.H.M.S."

Mr. Diefenbaker:

1. Has the abbreviation and designation of "O.H.M.S." been discontinued on letters dispatched by any of the departments of the government and the designation "G" substituted in lieu thereof?
2. If so, for what reason was the change made?
3. Who authorized the change and what was the date of such authorization?

Mr. Pinard: Return tabled.

MOTION FOR PAPERS

CURRIE REPORT—IRREGULARITIES

Mr. Fulton:

For a copy of all letters, memoranda, etc., in the possession of the Department of National Defence, which have been exchanged between the Auditor General or any official on his staff and the Department of National Defence or the minister or any official thereof, since January 1, 1950, concerning irregularities in accounting and other procedures as referred to in appendix "B" of the Currie report.

Mr. Campney: Mr. Speaker, without judging in any way the propriety of tabling the documents referred to in the motion, if there were any, I should like to say that a search of the files of my department has been made and that, so far as can be determined, there has never been any exchange of correspondence between the Auditor General or any official on his staff and the Department of National Defence or any official of the department concerning irregularities in accounting and other procedures as asked for in this motion with regard to appendix "B" of the Currie report. I would suggest that the motion be dropped.

Mr. Speaker: Is the motion dropped?

Some hon. Members: Dropped.

Mr. Speaker: Motion dropped.

Inquiries of the Ministry

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE BENEFIT RATES, ADJUST CONTRIBUTIONS, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to amend and consolidate the Unemployment Insurance Act and, *inter alia*,

(a) to increase benefit rates, as well as to provide for certain changes in the duration of both regular and seasonal benefits;

(b) to adjust the contributions, and to change contributions from a daily basis to a weekly earnings basis, and benefits from a daily to a weekly basis;

(c) to provide a graduated scale of allowable earnings in place of present provisions related to casual earnings and non-compensable days and,

(d) to provide further for certain changes in connection with the administration of the act.

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

Motion agreed to.

HOUSING

SUGGESTED EXTENSION OF PROVISIONS OF HOUSING ACT TO OLDER HOUSES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Public Works if the government proposes to introduce at this session any legislation with a view to extending the lending provisions of the National Housing Act to include older houses? If not, why did the president of Central Mortgage and Housing Corporation advocate such policy yesterday in a speech in Toronto?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, the answer to the general question is that these are matters of government policy which are always announced at the appropriate time and in the proper place. As to the remarks yesterday by the president of Central Mortgage and Housing Corporation, as I understand it they were made in the course of a forum held in Toronto at the meeting of the national home builders association. I don't believe this was a text, and I did not hear the remarks. I saw only the report in the paper, and as the president is absent from Ottawa now I have not had an opportunity to discuss it with him.

Mr. Fleming: When the minister says that announcements of such matters will be made in the proper place and at the proper time, does he mean they will be made in parliament by a minister of the crown?

[Mr. Speaker.]

Mr. Winters: I think it goes without saying this is the place in which legislative changes are made, and in the first instance my hon. friend referred in his question to changes in the legislation.

UNEMPLOYMENT INSURANCE

SUPPLEMENTARY BENEFITS—REQUEST FOR EXTENSION OF DEADLINE

On the orders of the day:

Mr. J. W. Noseworthy (York South): May I direct a question to the Minister of Labour. In view of the late spring and its effect upon seasonal unemployment, will the government extend the deadline for unemployment insurance supplementary benefits beyond April 15?

Hon. Milton F. Gregg (Minister of Labour): A good deal of consideration has been given to that matter but the government has not decided to take the step referred to.

THE MINISTRY

REQUEST FOR APPOINTMENT OF CABINET MINISTER FROM SOUTHERN ONTARIO

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to direct a question to the Prime Minister.

Some hon. Members: Oh, oh.

Mr. Hees: Will he advise the house if he is making any progress toward appointing a cabinet minister to represent the great industrial section of southern Ontario?

Mr. Weir: You have no chance.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, whenever there are appointments to the cabinet they will be announced in the house immediately.

NATIONAL DEFENCE

REFERENCE TO NEWSPAPER REPORT CONCERNING CONSCRIPTION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Minister of National Defence. Has the minister's attention been drawn to an article in this morning's *Gazette* concerning the report that a high government source has indicated that Canada may soon have to make a decision on conscription for northern defence? If so, has the minister any comment to make on the report?

Hon. R. O. Campney (Minister of National Defence): I must thank the hon. member for giving me notice of his question. I have seen

the article to which he refers, and I may say in reply to his question that there is no basis in fact for the assumption in the article to which he has referred.

DEFENCE PRODUCTION

RELOCATION OF EMPLOYEES LAID OFF AT A. V. ROE PLANT

On the orders of the day:

Mr. John Pallett (Peel): I should like to direct a question to the Minister of Defence Production. Are any steps being taken to relocate the people who are being dismissed by the A. V. Roe company as a result of the order of the government to cut back production of the CF-100?

Right Hon. C. D. Howe (Minister of Defence Production): The Minister of Defence Production follows the instructions of the Department of National Defence as to the requirements of that department. If any program of the type mentioned is initiated, it will be initiated by the Minister of Labour.

Mr. John B. Hamilton (York West): Has the department any more recent plans for another type of plane which will replace this type of production?

Mr. Howe (Port Arthur): Yes, Mr. Speaker.

[*Later:*]

Mr. Hamilton (York West): I do not want to be too persistent, but can the minister give us any idea if the new plans for another plane will have any effect in creating employment for the people who are being laid off, and how soon that will be?

Mr. Howe (Port Arthur): No lay-off has taken place. The A. V. Roe company has been given notice of a cut-back in the number of planes to be produced which will take place some time next summer, I think next September. The intention is to maintain as normal employment as we can until the new aircraft comes into production. That is the purpose of regulating the flow of aircraft from that plant. I do not know that I can give my hon. friend any more information.

TRADE

OIL—REQUEST BY UNITED STATES REFINERIES FOR GREATER DELIVERIES FROM CANADA

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): I should like to direct a question to the Minister of Trade and Commerce.

Mr. Weir: Make it quick.

Mr. Nickle: In view of the minister's recent statement concerning the possibility of United States restriction on the importation of Canadian crude oil, could he now comment upon the fact that United States refineries in the Pacific northwest and great lakes areas—

Some hon. Members: Question.

Mr. Sinclair: You made your speech yesterday.

Mr. Nickle: —have now formally requested—

Some hon. Members: Question.

Mr. Nickle: —from the Alberta conservation board—

Some hon. Members: Question.

Mr. Speaker: Order. The hon. member began his question by asking the minister if he could comment, and in order to find out what he has in mind we will have to hear on what he proposes the comment should be made.

Mr. Nickle: Would he comment on the fact that United States refineries in the Pacific northwest and great lakes areas of the United States have now formally requested from the Alberta conservation board delivery during the next month of even more Canadian crude oil than has been taken—

Some hon. Members: Question.

Mr. Nickle: —by United States refineries in recent months?

Mr. Speaker: Order. I think the hon. member is the victim of his own ambition. Could he not shorten his question and give less information?

Mr. Nickle: I think I have now asked the whole question provided the minister was able to hear the last few words over the interruptions that were being made.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am quite satisfied to read the information my hon. friend has given me in his very well annotated bulletin, but I have not done so yet. If I have an opportunity to do so I will be glad to inquire into the matter.

IMMIGRATION

CANADIANS ALLEGED TO BE DISCOURAGED FROM RETURNING TO CANADA

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I should like to address a question to the Minister of Finance. On March 16 I asked a question regarding Canadians abroad not being allowed to return to Canada as settlers. Has this

matter been brought to his attention? Many of our young men are going to be kept out.

Hon. W. E. Harris (Minister of Finance): No one wants to keep out Canadians if they want to return to Canada, and what my hon. friend has said has been drawn to my attention.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF PUBLIC WORKS

The Chairman: When the committee rose previously we had reached resolution 601.

Architectural branch—
Acquisition, construction and improvements of public buildings—
Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—
601. Ottawa, $1,732,666.

Mr. Hodgson: Mr. Chairman, this item is to complete payment for the expropriation of a property at the corner of Bay and Wellington streets, and for the acquisition of a former seminary building. The further amount required to complete payment for the seminary building is $1,576,666. I have been looking through the estimates, and while this item is to complete payment may I say I have always understood that the purpose of supplementary estimates was to tidy up odds and ends here and there. In June last year an amount of $2 million was voted of which $1 million was for practically the same item. Here we have an item of over $1,500,000 to tidy up things, and I do not see any reason why the government has brought in this item at this time as a supplementary estimate. I have newspaper clippings here to prove that the seminary building has been under the control of the government for some three years. I want to find out why this item was brought in as a supplementary estimate and not as an ordinary estimate in the regular routine of providing for government requirements. This matter is not new. It has been before parliament for some three or four years. It was a new building, and there is no doubt in the world that the mounted police certainly needed new quarters. They were spread all over the city of Ottawa and had no real home. Why this building has been purchased when, even during the time it was occupied under a rental basis, it was found to be inadequate for mounted police purposes,

[Mr. Fraser (Peterborough).]

I do not understand. Yet, the government has gone ahead with the purchase of this property.

In the Ottawa *Journal* of May 21, 1951, we find this:

New seminary being acquired by government.

The new seminary today was slated to become headquarters for the Royal Canadian Mounted Police.

Some R.C.M.P. staffs in the city are reported getting ready to move into the building about August 1.

No official figure on the deal could be obtained. It was understood that final details still had to be ironed out between federal and diocesan authorities.

The seminary, just now nearing completion, cost almost $4 million. It is located in Overbrook.

The large building will provide badly needed space for the R.C.M.P.'s expansion program, which will see new laboratories and training facilities all gathered under one roof.

The R.C.M.P. now is spread over the city in the following locations:

Then there is a list of the locations given.

Then again on September 12, 1952, there was an article in the Ottawa *Citizen* headed "Seminary as Mounties' HQ". It reads as follows:

A sprawling building in Overbrook that was built as a seminary but never occupied will become the headquarters of Canada's federal police starting next month, it was learned today.

Millions of fingerprints, thousands of records—

And so on. There follows a list of things to be moved.

It will concentrate under one roof offices and divisions which have been scattered all over Ottawa. It will free about six floors of the justice building on Wellington street and smaller offices in a score of locations throughout the downtown area.

All R.C.M.P. divisions except "A" division, the local police detachment and the training division at Rockcliffe will move to the seminary. "A" division will move across from the Canadian Bank Note building into the justice building to occupy some of the space that will become vacant. The training division and the crime detection laboratory will stay at Rockcliffe barracks.

The move will rank with that of the dominion bureau of statistics in magnitude. It will take several weeks to complete owing to the mass of fingerprints and records that must be transferred. Divisions will be moved in sequence to their new offices.

Evidently the building was occupied on a rental basis at that time, in September of 1952.

In the Ottawa *Journal* of April, 1953, we find an article headed, "Fournier backs building policy". The article reads in part:

As to the seminary building, Mr. Fournier told the house that this new structure and an additional building which will cost $150,000 "is absolutely necessary for the efficient operation of their headquarters, and to take care of their normal expansion requirements." The smaller building to be put near the huge seminary will have 12,500 feet of floor space.

Evidently the new building was in process of being purchased, that is April 10, 1953.

In the Ottawa *Citizen* of November 16, 1953, some six months later, we find an article with this heading, "$10 million project; New R.C.M.P. buildings will be built here".

The subheadings are as follows, "Homes, offices for men"; "Have choice of two sites", and the article reads:

A new permanent R.C.M.P. headquarters and housing development is to be built in Ottawa within the next five years at a cost that may run well over $10 million, it was learned today. The force said in its annual report that it is making plans for construction of the new headquarters which will replace its temporary quarters in Overbrook—

This is the new building they are talking about here. The building was rented at that time.

The site has not been picked out, but it may be on land already owned by the government, either south of the Rideau river and not far from the projected Ottawa railway station when it is moved from its present centretown area, or east of the city on the proving ground site at Green's creek which has been mentioned as a possible site for the proposed national defence headquarters.

In any event, officials said, it would not be in or near the centre of the city, but would definitely be in a suburban location.

It will be larger than the present temporary headquarters building, running to around 260,000 square feet of space, and designed to accommodate all branches of the force, including stores which are still located in rented quarters in downtown Ottawa.

Adjoining the new headquarters will be a housing development for members of the force, and shops, stores and other subsidiary buildings.

The present temporary headquarters building was occupied by the force only a few months ago but already is inadequate. Halls and passages are used for filing cases and records and the building is not the most suitable because it was designed originally as a religious centre.

It is held by the Public Works Department on a five-year lease with an option for two more years if required.

"It is definitely hoped that the new headquarters will be ready when the lease runs out", a works department official said today.

That would mean that work would have to start on the new headquarters within two or three years. The site must be approved by the national capital planning committee and the federal district commission, as well as the Public Works Department and the force itself.

Preliminary plans have been submitted by the force to the Public Works Department, and there may be an appropriation in the estimates for the 1954-55 fiscal year to cover the cost of preparing detailed plans.

Once the site is picked, it is expected there will be few delays in proceeding with the plans and the letting of a contract.

That article was written on November 16, 1953, and the building still had not been purchased but was occupied on a rental basis. Even at that time the building was found to be inadequate for a mounted police headquarters. The government decided, after renting it for two or three years, to go ahead and purchase it. I should like to know why the government delayed so long in buying it. If it was suitable and large enough at the start, it is probably big enough now. The article in the newspapers says it is inadequate. Another question I should like answered is whether or not the rental paid has been applied on the purchase price. Will the Minister of Finance answer that when he has time? I should like to know also why some of this money has not been put in the regular estimates. Is it an attempt to slip it through with appropriations for other buildings in the Ottawa district? It looks as if this was something the government was trying to keep out of sight.

In June, 1954, there was an amount in the supplementary estimates of $1 million for this building, that is a year ago. On June 23, 1954, a question was asked by the hon. member for Kamloops concerning this building, and it appears at page 6575 of *Hansard* for June 23, 1954:

Mr. Fulton: I have a question or two about this item. I understood that the Royal Canadian Mounted Police were acquiring a large building out here as a new headquarters at a cost of some $6 million.

The amount now mentioned is $6 million, but before that time an amount of $5 million had been mentioned. We would like to know what it is going to cost when the additional building is added. I continue the quotation:

I do not find it listed anywhere under acquisition of buildings, works, land and new equipment, or under the administration item or anywhere else.

Mr. Garson: I am afraid that I cannot assist my hon. friend in that regard. We are the occupants of it as the mounted police, but the purchase of it would be arranged through the Department of Public Works.

Mr. Fulton: That is different from the other items in the minister's department.

That is another thing I want answered: why make any difference in connection with this building?

Then, on June 25, two days later, there was a question asked by the hon. member for Vancouver-Quadra which appears at page 6773 of *Hansard*. It reads as follows:

Mr. Green: Why was it necessary to have this amount in the supplementary estimates? It is two-thirds of the total vote. The Department of Public Works is supposed to have the new look, and we understood that they had everything up to date.

Mr. McIlraith: They have.

Mr. Macdonnell: We want evidence of it.

That is what we want, evidence of it.

Mr. Green: They are asking for an additional $2 million for public buildings in Ottawa, in the supplementary estimates.

Why was not at least some of this amount put in the main estimates?

Mr. Bourget: I am told that $1 million is for the seminary and $1 million for property on Wellington street which was expropriated last year.

Mr. Green: Why was not at least some of this amount indicated in the main estimates?

Mr. Bourget: I am told that at that time the decision had not been taken. That is why it had to be brought in with the supplementary estimates.

They had this building. Evidently they knew they were going to buy it. But still the minister's representative said at that time:

I am told that at that time the decision had not been taken. That is why it had to be brought in with the supplementary estimates.

That was last year. Why has this been brought in with the supplementary estimates this year? Why was it not included in the regular estimates? It is about time that this government, in its business activities, would put them out in the open so that people could see them, and not try to mix them up with other buildings, with other moneys invested for the district commission of Ottawa. It looks as if this might be a hidden fixture. It is just another part of the government's secret activities in hiding the estimates that refer to the business done throughout the year.

I do not see why they did not put it through as an order in council. That is one way they have been hiding things for years. I know the official opposition is sick and tired of this kind of business, and I think the people of Canada are getting sick of it, too. I do not see why the Minister of Finance could not have included this in the regular estimates. I do not see why he has coupled it up with something else, and called it money for the district commission, or for Ottawa, or something else. Then it might appear that only $1 million was spent last year. Does this mean that it is costing $6 million, or does it mean that the original purchase price was $5 million? Why has there not been something in the regular estimates either last year or this year?

Mr. McIvor: Carried.

Mr. Hodgson: No, it is not carried yet, and it will not be carried for a while. And I am surprised that the hon. member for Fort William is calling "carried" on an item of this kind that has been hidden for some three or four years. He is surely not the man who would stand up for that sort of principle.

Mr. McIvor: I am paying close attention to the hon. member.

Mr. Hodgson: I have the floor, and I am making the speech; and if you want to speak, you can speak afterwards.

Mr. McIvor: Thank you.

Mr. Hodgson: I would be glad to hear what you have to say about it, if you are a minister of the gospel and a member of the House of Commons.

The Chairman: Order.

[Mr. Hodgson.]

An hon. Member: Don't bring that into it.

Mr. Hodgson: I will bring anything I like into it. I have the floor. And I would like to hear from some of you rubber stamps.

The Chairman: The hon. member should confine his remarks to item 601, which is under consideration.

Mr. Hodgson: Let the rubber stamps keep quiet, and I will finish my speech. I would like to know the total purchase price, and what it is estimated it will cost when completed. I would like to know why this has not been brought in, in the regular way, in the main estimates rather than leaving it to the supplementary estimates both last year and this year.

There is no doubt about it that, as I said before, the mounted police need new quarters. But I think I have proven that this building is inadequate for them. They needed a new building. Probably it will cost $10 million before we are through. We know that the Hon. Mr. Fournier, when minister of public works, brought in an estimate on one occasion for $140,000 for a building in the city of Ottawa, and before he was through it cost $600,000. So we want to know whether this is going to be the same set-up. This seems to be the way the government is doing business, and I think it is about time they got down to doing it in a straightforward and frank manner, so that the people would know what they are doing.

Mr. Lennard: Mr. Chairman, I have no quarrel at the moment over the price being paid for this building, but I would like to make reference to the manner in which it is being purchased. At page 3648 of *Hansard* for April 9, 1953, the hon. member for Vancouver-Quadra (Mr. Green), in questioning the then minister of public works, Mr. Fournier, had this to say:

Is there any intention to expropriate the seminary?

In reply the then minister said:

I would not give any inkling as to that. Actually for the space we get in that building, I think we are paying a little bit less than we do in the normal unit price over the city. I would not say yes or no. The government has not considered that. We needed space badly for the staff of the mounted police who had been asking for it since the war, and this was the only place that we could get rapidly. We have taken a lease on it for five years. As to the future intention of the government, the matter has not been considered, to my knowledge.

On May 22, 1954, I find this in the Ottawa *Citizen:*

The government Friday provided $1 million in supplementary estimates for the current fiscal year

toward acquisition of the Overbrook seminary building now occupied by the Royal Canadian Mounted Police headquarters.

And on November 30, 1954, the following:

A new concentration of government buildings at Hurdmans Bridge was in prospect today with announcement that the purchase of the seminary there had been completed at a cost of $5 million, the purchase including 114 acres of land.

The seminary now is occupied by the R.C.M.P. as a headquarters and there is no proposal to move the Rockcliffe training establishment or the A division uptown offices from their existing locations . . .

The purchase of the building had been practically decided a year ago but the Public Works Department and the vendors decided to wait until November 1 to have the final arrangements made.

It is mentioned there that in the late spring of 1954, which was a year ago, the government had provided $1 million in the supplementary estimates for the purchase of this building. Then, in the estimates before us at the moment there is an amount of $1,576,666 as payment toward the purchase price of this building. On Friday evening the Minister of Finance stated that this was the final payment. What I wish to know is this: Are any of the payments made by way of rentals for this building included in the purchase price? Are they being applied against the purchase price?

One further question is this: Have any of these payments been estimated for in the regular estimates? If not, when were other requests brought down for the completion of the payments on this building? I must say I have been unable to find them in any of the estimates, other than these two amounts which total something more than $2,500,000.

Finally, let me say that I have no quarrel with the purchase of the building. At the moment I have no quarrel with the price being paid; but I think these payments have been made in an irregular fashion, and not according to the practice of the House of Commons.

Mr. Small: Mr. Chairman, in support of what has been said by the hon. member for Victoria, Ont., I should like to ask the minister some questions. It has come to my attention that nowhere in the estimates can one finds any details of the transaction—that is, other than what has already been stated, and what has appeared in the press in the last two or three years.

The only information we have been able to get was obtained last Friday when the minister was asked what this item was for, and he was unable to give the information. He asked for delay so that he could get it. Then he informed the committee that the building was being rented for $370,000 a year. Probably it was to be purchased for $5 million. I notice that the area is something like 229,500 square feet. The property consists of 113 acres. The rental per square foot is not exorbitant when one considers what would be paid normally, but it was not niggardly either. Why was there concealment in this proposition? Why was it not a clear-cut transaction? Why was the transaction not brought before the house and explained that it was necessary to abandon the project they had in mind to build a new building for the Royal Canadian Mounted Police designed and constructed to fit their particular and peculiar requirements? Why were they possessed of the idea all of a sudden when the building, which I suppose started to appear on the eastern horizon at Hurdmans Bridge, should be taken over? Why did they suddenly abandon the plans that they had to build one which would be more acceptable to the Royal Canadian Mounted Police? There is no particular objection to the purchase of the building. If I were the owner of the building I would try to make the best deal I could and secure the best price. Was there an offer of purchase made or a tentative offer? Was any deal commenced or consummated that can be laid before the house, giving the information as to why this deal was necessary?

According to the assessment of the city of Ottawa, the building is rated at $2,568,375. Three parcels of land are involved in it. One parcel contains about 25¾ acres and is valued at about $37,600. Another parcel contains 5¼ acres and is valued at $8,175. The other parcel contains 82 acres and is valued at $24,600. According to the Ottawa assessment, the total is $2,638,750. I understand that is not based on the Abbott formula for making assessments on public buildings.

The time has come for the government to get away from their characteristic of concealment and come clean and give us the facts. If the minister would explain the proposition in a clear-cut fashion so that everyone could understand, there would be no objection to it. If the proposition had been submitted to the house in the first place as an ordinary transaction that the government was going to consummate it would have had the hearty support of the house. To use this hidden channel of carrying items through the estimates does make one suspicious of the whole deal and it is looked at with distrust. No one can come to any other conclusion than that they are trying to put something over. Does the minister not think that it is time the government came clean on this deal?

Mr. Ferguson: Would the Minister of Justice not save a lot of time—and time has already

been wasted—if he produced the facts regarding this transaction so that the members of parliament could get the information and transmit it to the public that this deal is open and aboveboard in every respect, instead of taking pot shots at various ministers and getting no definite information? Surely the pressure could be relieved and we could go on to other subjects if the facts were laid before parliament, where they should be given. Are we now to believe that during Mr. Fournier's regime as minister of public works, and the regime of the present Prime Minister when he was minister of justice, something happened and all of a sudden overnight it was realized that the Royal Canadian Mounted Police ought to have a building that would cost millions of dollars? If that is so, then some person in charge of that department at that time was negligent in performing his duties. He should have been well aware of the requirements of the police and should have been preparing for them. He should have known that the department would require a building to house the police adequately. Apparently they had to jump in and buy a building which does not suit the requirements and nobody in this house can get any information about it.

Nobody in the country would ever think of purchasing a building under this method, a building that would be adequate to perform the services as efficiently as one which was designed for the purpose of housing the police. This deal should never be rammed down anybody's throat. We should not be told that we can buy a building already constructed that will meet all of the requirements of the police and enable them to function properly in that building. That is ridiculous. This building must have been purchased because of some unforeseen pressure that there was no other building suitable for the police. How ridiculous that is. Imagine any government or any private corporation functioning in that manner. This government is not prepared to cope with circumstances as they arise from time to time. The situation is that this government either does not know, or knowing, is not doing its job. If they know, then they are ignoring their duty. They suddenly realize that we must purchase this building for $5 million, $7 million, or $8 million. The amount is still unknown. The facts of the transaction are still unknown. If that is the way they are carrying on business, then the public should know what is going on. If we are to get the facts from the Minister of Finance, I would like to hear them. I do not think he can give us the facts regarding this deal in the few minutes that he has at his disposal.

Mr. Harris: Mr. Chairman, out of politeness I have been waiting for all the questions from the other side to be asked at the one time. I did not expect, however, to sit here and be lectured by one who apparently did not pay any attention even to what the members of his own party were saying about the deal.

Mr. Ferguson: If I did not pay any attention to them, I know I will not get anything by paying attention to you. I will learn nothing from you.

Mr. Harris: I agree that the hon. member cannot learn anything from very many people.

Mr. Ferguson: You learn nothing; we all know you.

Mr. Harris: This transaction is a perfectly simple one.

Mr. Ferguson: You are too big for your shoes.

Mr. Harris: If hon. members had followed the hon. member for Victoria, Ont., they would have heard, I think, a strictly correct chronological statement of what happened, with one exception. This building was being constructed from 1948 on. About 1950 it was decided that the R.C.M.P. who, of course, had need of extra quarters for quite some time and not overnight, as my hon. friend seems to think, would have to be given extra and better quarters. The result was this building—and I am going to telescope for a moment—was rented for the purposes of the R.C.M.P. under negotiations which ran from 1951 and were concluded in 1952. It was not until 1953 that the owner of the property indicated that the property might be for sale. It was not until 1954 that the property was bought, and that is the simple explanation of the timing of the whole transaction.

That also explains why there was no item in the estimates that were prepared a year ago last fall. The explanation as to why it is not in the estimates for the coming year is that we put it in the supplementary estimates for this year to clean it up at this time. It is finished. I do not think there is anything hidden about that. I am sure hon. members will agree with me that this is the normal method of dealing with supplementaries.

Mr. Lennard: Will the minister permit a question? Will he fill in the gap between the first supplementary estimate and the last one?

Mr. Harris: Yes, I will come to that. At the time that the supplementary estimate was being discussed here last May or June—I think I heard a date of June 22 referred to but I cannot find a reference to it on that date—the first supplementary estimate of a year ago was a sum of money to be used to secure the transaction, if it could be negotiated. I think hon. members will agree, however, that at that point, without a firm agreement, it would not be likely that there would be any indication given in parliament as to what price we would be prepared to pay for the property. Negotiations for the property were continued throughout the summer last year and only completed by a treasury board minute in August of last year. From then on the next step and the only step to be taken is to put a further item in the final supplementaries for the current fiscal year and vote it, and that is what I am asking parliament to do at the moment.

I think I have given the committee the basis of the transaction, but I should like to comment on the price for a moment. I notice that the hon. member for Wentworth was not complaining about the purchase price, so I take it, but I notice that the hon. member for Victoria, Ont., and the hon. member for Simcoe North thought that we ought to have spent $10 million on a new building instead of the $5 million we are spending on this one. I want to warn them that while I was not minister of finance—

Mr. Ferguson: Does the minister not think that it is sometimes better to spend $10 million and get $10 million worth than to spend $5 million and not get your value? That is what I said; that was the implication. Do not make statements that are misleading.

Mr. Harris: In every expenditure made by the government there is always the problem that if you spend $1 you might not possibly get the most you can hope to get, but if you spend $2 you are sure of getting it. That is a decision that has to be made every time something is purchased, particularly a large property of this kind.

I agree that if the Minister of Public Works were to build a building designed specifically for the R.C.M.P. it would be a better building from the standpoint of the police force; no question about that. The point is: is it worth another $5 million? That is the point, and I suggest that in this case—

Mr. Hodgson: Are you paying $5 million for this or $6 million? How much would the other building cost that would make it a $10 million building?

Mr. Harris: I am not familiar with the expenditure on any other building that is being built. I have not an estimate for this and I do not know. I do know the purchase price for this building which is $5 million.

Mr. Lennard: I asked the minister to fill in the gap between the first $1 million in the supplementary estimates and this amount of $1,500,000. There is a difference of nearly $2,500,000 that has to be accounted for.

Mr. Harris: I thought my hon. friend was referring to the time rather than the money. In every public works vote for a province there is an item which can be used or transferred to permit the construction of buildings that can be completed in that one year when other items are not completed. We have transferred $2,500,000 from that fund toward the purchase price of this building. In doing so we saved interest on the purchase price and that is why it was transferred.

Mr. Lennard: In what year was that?

Mr. Harris: This would be in the normal estimates for the current year. No money was paid on this building until the calendar year 1954.

Mr. Ferguson: The minister has suggested a figure of $10 million for a properly designed building. I never suggested any figure whatever. I merely suggested and said that in my opinion the requirements of the police should have been known over a period of years.

Mr. Harris: They were.

Mr. Ferguson: Long before this building was purchased a concrete idea of their requirements or a near-concrete idea should have been formulated. Therefore the government should have inquired into the cost of a building, whether it be $1 million, $2 million, $5 million, $10 million or $20 million. That figure should have been arrived at as a comparison figure between the cost of building a building suitable for the requirements of the police and any other. They should have had that figure to compare with the price they paid for this building which the minister admits does not meet the requirements fully.

Mr. Harris: I did not say that.

Mr. Ferguson: But you agreed that if a building had been designed for the purposes of the police it probably would have been a better building.

Mr. Harris: For $10 million it certainly would have been.

Mr. Ferguson: Would you suggest that you might even have improved it for $5 million over the same figure?

Mr. Harris: I did not suggest that.

Mr. Ferguson: Is it not possible, leaving out studding the building with diamonds, that it might have been better even at $5 million if it had been planned for the purpose? Your answer to that is simply yes. I am sure it would have been better at $5 million if properly planned. Is that right? You will not concede that.

Mr. Harris: Of course not. After considering this building and the use to which it could be put, we purchased it. We think it is a good building for the purpose. I quite agree that if we had hired an architect and told him to design a building for the R.C.M.P. he could have designed one which probably would have had more outside entrances, probably a back door for motor cars to come into the building and probably a larger mess hall for the sergeants. But we cannot afford these things in some cases.

Mr. Ferguson: The minister says "We cannot afford these things." This is one of the first instances I have ever known this government to say "We cannot afford these things."

Mr. Harris: You have heard it many times.

Mr. Ferguson: Since the government has lost the support of the Vancouver *Sun* they are probably getting down to earth and giving consideration to these things. They are afraid of the signs right across this country. The minister says that he has never had an estimate placed before him of the cost of a building adequate for the use of the police and then he says that we cannot afford these things. They cannot afford it even if it costs less than $5 million. That is a fine admission from the Minister of Finance of the Dominion of Canada.

Mr. Hamilton (York West): I should like to refer specifically to the question of cost, and perhaps the minister would be good enough to help us. I understand from a previous question that the usable space of this building is 229,500 square feet, and a rental of $370,000 a year seems to be reasonable. However, the purchase price would appear to work out at about $22.50 a square foot. Could the minister indicate if this building is completely air-conditioned, does it have all these fine finishes such as terrazzo floors, does it have a modern type of heating and cooling system? Perhaps the minister could give us some information on that because this would seem to be an outside price. I understand that architects consider that they can provide the best type of accommodation with all these facilities I am speaking of for somewhere between $15 and $20 per square foot. As the hon. member for Simcoe North has said, there must have been a few diamonds in it if you are going to be able to squeeze it up any higher than that.

Mr. Harris: I warn the hon. member that the average cost of these items he mentioned should not be applied to the city of Ottawa. If he confines himself to asking whether or not these costs are average for Ottawa we will be able to find the information for him. The practice has been for the Department of Public Works to obtain at least two valuations of a building before it is purchased and that practice was followed in this case. We obtained two valuations, one of $4,491,750 and the other $5,386,242, and the purchase price was $5 million. Both firms are well known for their competence in making valuations and I think it will be found that the building is well worth $5 million.

I quite agree with the hon. member for Simcoe North that if ten years ago we had gone to work on a plan we could have planned for a perfect R.C.M.P. building, but in 1954 we had to decide whether we should build a building for the R.C.M.P. We probably might have spent the $10 million that the hon. member for Victoria, Ont., mentioned. But the building would not have been ready for another three or four years. This building is ready. It has a value to that extent that we would not be able to be in a building that we built until three or four years from now.

Mr. Hamilton (York West): Do I understand from the minister that building costs in this area are generally considerably higher than they would be, say, in cities of comparable size in the province of Ontario?

Mr. Harris: I have always understood that building costs in Ottawa were slightly higher.

Mr. Hamilton (York West): That situation might be caused by the fact that the government was prepared and willing to pay slightly more.

Mr. Harris: I think it is caused by the terrain.

Mr. Hamilton (York West): I understand that there was an option. I understand that this building could have continued to be rented under an option during this period when plans might have been drawn and a building quite acceptable to the R.C.M.P. could have been constructed. Is that right?

Mr. Harris: I do not quite understand.

Mr. Hamilton (York West): There was an option to renew, at the same rental, the lease that was in existence covering the building?

Mr. Harris: Yes. The lease was for five years with an option of renewing it for two years.

Mr. Hamilton (York West): What I mean is this. Would that have been adequate time to construct a building according to plans and specifications which would have met R.C.M.P. requirements?

Mr. Harris: No; not from last year. We could not have had a building of this kind ready for three years from last year, with the building difficulties we have in Ottawa.

Mr. Low: Is the building complete now?

Mr. Harris: Yes. We have been in it for three years.

Mr. Low: I understand that you have been in it; but sometimes you go into these buildings when they are not completed. What I am anxious to know is whether this is the final, complete price of the whole business.

Mr. Harris: Yes, as far as I know. I have been looking in this coming year's estimates and while I have not been able to run through all the items while we have been talking here, I do not see any. There may be additions such as garages and the like. But there is no substantial building going on, so far as I know. Certainly there is nothing here except completion of the purchase price of the main building.

Mr. Low: As to the two figures which the minister quoted as having been given by reputable firms as to the value, there is a difference of nearly $900,000. Was one estimate to be for sale and the other for purchase? That is a rather broad spread, it seems to me, in the valuations made by reputable firms on a building of a value of about $5 million.

Mr. Harris: I think there is not a difference of $900.000 in their valuations; there is a difference of about $400,000.

Mr. Hamilton (York West): Not in the figures the minister read out.

Mr. Harris: I beg your pardon. That is right. The difference is about $900,000.

Mr. Low: Does the minister not think that is a rather broad spread in valuation on a $5 million building?

Mr. Harris: I am not in the business. These are two companies which have done a considerable amount of this work for us. I would suppose that nearly a million dollars in five is probably quite a considerable variation. At the same time I would not want to say that these people do not know what they are doing.

Mr. Lennard: Some short time ago I understood the minister to say that about $2,500,000 of this amount was used from appropriations that had not been used by the Department of Public Works for some other building or buildings?

Mr. Harris: That is right.

Mr. Lennard: What I want to know is this. Is it common practice for the Department of Public Works to use moneys that have been allocated to certain specific buildings; that is, instead of building those buildings, to use the money for some other building without those buildings ever appearing in the estimates at any time, and without their being mentioned by the government in any part of the picture?

Mr. Harris: No. That is not the practice. In fact, it would be contrary to the financial practice and to the Financial Administration Act. When parliament passed this first $1 million item last spring, parliament authorized the purchase of this building. Thereafter it was in order to allocate funds on hand to the purchase of that building.

Mr. Lennard: What funds?

Mr. Harris: The funds that were in the unused portion of the public works vote of last year.

Mr. Lennard: What were those votes from which that $2,500,000 was taken? What buildings were those votes specifically for?

Mr. Harris: The Ottawa grant is usually a lump sum which is set out, of course, in the original estimates. That is true of all the provinces. The money is gathered together and listed under provincial items; and you can transfer from any unspent money within a province, if you will.

Mr. Nowlan: Will the minister tell me what that money was allocated for when it was voted by parliament a year ago? Parliament apparently was asked to vote X dollars for buildings in Ottawa. Did not the minister know for what buildings that money was to be allocated? If so, what buildings were dropped?

Mr. Harris: No buildings were dropped. I do not want hon. members to understand that the treasury board or the Department of Public Works arbitrarily decides, after a vote in the house, that building X will not be built but that building Y will be built. That is not what is done. If the progress of building X has not used up the amount of money which has been allocated to it, the unspent balance may be used to build the other building. That is what is done here.

Mr. Nowlan: We have heard a great deal about this mythical treasury board which scrutinizes so carefully every government expenditure. Treasury board apparently passed X dollars for the acquisition or the building of buildings in Ottawa. I want to know what particular building or buildings treasury board approved in this expenditure of X dollars which afterwards was diverted to the purchase of this building.

Mr. Harris: I perhaps misled my hon. friend. I did not suggest that there was any one particular building in Ottawa about which the item was underspent. I did say as to the province of Ontario that if your provincial sum is underspent, you can allocate within the province. When it comes before treasury board, it comes in the form of a recommendation that a sum—$2,500,000 in this case—might be used towards the purchase price of this building; and attached to it is a certificate that the moneys allocated for the province are sufficient to provide for this payment having in mind the progress of other various works.

Mr. Pearkes: Can the minister say at what date that decision was made?

Mr. Harris: Yes. A while ago I said August, 1954.

Mr. Nowlan: August, 1954? That was after we voted the estimate.

Mr. Green: I should like to go over the dates again with the minister. I understood him to say that this seminary building was under construction from the year 1948 on. Is that correct?

Mr. Harris: Yes.

Mr. Green: The hon. member for Victoria, Ont., read from a press dispatch a statement that the building had cost under $4 million. Is that figure correct?

Mr. Harris: I have not that figure.

Mr. Green: I beg the minister's pardon?

Mr. Harris: I do not keep the clippings. I do not know whether that was in the press dispatch or not.

Mr. Green: The minister has no information as to what the building cost in the first place? Is that right?

Mr. Harris: We did not build it. I would not know what it cost.

Mr. Green: Then apparently in 1952 the government entered into a five-year lease of the building?

Mr. Harris: That is right.

[Mr. Harris.]

Mr. Green: At a rental of $370,000 a year or just a little bit over $1,000 a day. Is that correct?

Mr. Harris: That is right.

Mr. Green: Then for how long did the government pay this rental of $370,000 a year?

Mr. Harris: My understanding is that the rental was paid down to the date of the purchase which was, as I say, last year and that the purchase price then bore interest from then on, and we would pay interest and not rental.

Mr. Green: Then it was not part of the agreement that the moneys paid by way of rental would apply on the purchase price?

Mr. Harris: No.

Mr. Green: How much rent was paid altogether for the building?

Mr. Harris: I do not know whether that has been adjusted. Total payments for rental to March 10, 1954, were $449,166.62. I take it that was the day on which there was a firm offer made by the owner of the property.

Mr. Green: What date was that?

Mr. Harris: March 10, 1954.

Mr. Green: So that on March 10, 1954, the government made a firm offer to purchase the building.

Mr. Harris: No, they made a firm offer to us that they would sell.

Mr. Green: What was paid from that date in March, 1954, until the date the purchase went through?

Mr. Harris: Nothing was paid until after the $1 million vote was put through the house on the supplementary estimates early last summer. Since that time we have paid $3,500,000.

Mr. Green: Did I not understand the minister to say interest was paid from the time the building was offered for sale by the owner? Is that right?

Mr. Harris: That is right.

Mr. Green: How much interest did the government pay?

Mr. Harris: I am sorry, I did not understand my hon. friend. The bill for interest will of course be adjusted when we complete final payment. We expect that will run to $56,666 at 5 per cent.

Mr. Green: First of all there was $449,000 odd paid for rent. Then there was $66,000—

Mr. Harris: It is $56,000.

Mr. Green: Then there is $56,000 for interest.

Mr. Harris: Right.

Mr. Green: The minister said something about the building being offered for sale in March. At what price did the owners offer it?

Mr. Harris: Five million dollars.

Mr. Green: They offered it then at $5 million, and apparently in June of 1954 there was a vote of $1 million placed in the supplementary estimates. Is that correct?

Mr. Harris: That is right.

Mr. Green: Later in the year the government took about $2½ million from the Ottawa buildings vote of the Department of Public Works—

Mr. Harris: Right.

Mr. Green: —and applied it on this purchase.

Mr. Knowles: Is it Ottawa or Ontario?

Mr. Harris: Ottawa.

Mr. Green: Can the minister tell us whether he is referring to vote No. 369 under the Department of Public Works, which was for $10,640,000?

Mr. Harris: That is right.

Mr. Green: The details of that vote are found at page 442 of last year's estimates, and they include roughly 20 different buildings in Ottawa, each of which has a figure placed opposite it. Apparently the government just picked $2½ million out of that vote. Is that what happened?

Mr. Harris: That is right.

Mr. Green: Why was something not put either in the original estimate for last year or in the supplementary estimates which were dealt with in June—

Mr. Lennard: Or in the regular estimates this year.

Mr. Green: —or in the regular estimates for the fiscal year which starts the day after tomorrow, rather than taking $2½ million, half the total cost of this building, from this vote for other buildings so that there was not the slightest possible chance of any member of parliament being able to trace that vote?

Mr. Harris: The answer is of course the one I have already made, that the time factor is involved. We did not have an offer from the owners that they would sell the property at the time these estimates were being prepared. My hon. friend would have been the first to suggest to the government we should not put an item in the blue book for a building that we had no idea was for sale. The first occasion on which we could bring it before parliament was on the presentation of the first supplementaries to last year's estimates, namely, in late May or early June, because at that time we had an intimation from these people that they would sell at the given price. Far from there being any secrecy about the matter, we bring it to the attention of parliament at the earliest possible moment we can in the ordinary and everyday way. Parliament approved of the purchase by voting $1 million in last year's supplementaries. That is all. It could not have been done in any better way, if I may say so.

Mr. Green: Yes, but at that time I think the house was not told what the total purchase price would be. I may be wrong.

Mr. Harris: I think you are perfectly right, but the reason is that the government had not in fact agreed to purchase the property at $5 million. At that time the offer was outstanding but had not been accepted and we were in the process of trying to negotiate the purchase price. Hon. members will understand that under those circumstances we would not want to be indicating what our view was about the value of the property. It is true that at a later time we did complete the purchase by agreeing to buy at the price of $5 million. We might have been able to get it for less, but as it turned out we did not.

Mr. Green: Why could the balance of the purchase price not have been included in the estimates for 1955? Then the house would have known exactly what the deal was. If this practice is followed by the government in other cases we have no possible way of checking these purchases. If buildings are going to be bought with moneys taken out of a vote covering 20 other buildings, how is it going to be possible for members of parliament to make an adequate check of these transactions?

Mr. Harris: I quite agree that this is the type of thing one should avoid if one can, not that there is anything wrong in it, but if you can have an orderly purchase of property through the public works branch for a 12-month period, well and good. However, I would think that hon. members would not suppose that we would close our minds and our thoughts to purchasing property in any period other than in September, October and November when the estimates are made up for a given year. When the item of $1 million was drawn to the attention of hon. members in the supplementary estimates last year they were asked to vote for the purchase of this

particular property. I agree that because of the fact negotiations were continuing it was not possible to disclose the purchase price, and I do not think the minister who presented the item to the committee did in fact do so.

As I say, the purchase price had not been negotiated so that to that extent hon. members might very well say that they voted $1 million thinking that the purchase price was going to be $2 million. I agree that is one criticism that can be directed at this particular item. On the other hand, hon. members are now being given the item with all the details of the purchase. If they feel that $5 million is not the proper price to be paid for the property they have precisely the same right as they would have had if the item had appeared in the blue book.

Mr. Nowlan: Oh, no.

Mr. Harris: Oh, yes. That is the situation. As I say, I would hope that we would not do this too often. I would hope that you could have orderly planning.

Mr. Green: How many times have you done it in the last year?

Mr. Harris: So far as I know, we have not done it at all. I would hope that it will not happen, but here it is. Nevertheless, there is no difference in virtue between a supplementary estimate authorizing the purchase of a building and an item in the main estimates. It does the same thing, as my hon. friend knows.

Mr. Green: Why would it not have been fairer to the house if the whole balance of the purchase price had been included in this supplementary estimate rather than picking up $2½ million, half of the total price, from a vote covering other buildings?

Mr. Harris: My hon. friend could perhaps lay some of the blame on me because I did not make it clear the other night when I was giving information that the other $2½ million had been allocated in the manner I have now described, but on the other hand I think he would also agree that we should not inflate our estimates and that if I were now asking hon. members to vote $3½ million, being the $2½ million already used in the manner I have indicated and this $1 million, you would have an artificial vote of $2½ million that you did not need. Under those conditions, you would have your estimates considerably higher, and I think my hon. friend agrees we should avoid that if we can.

Mr. Green: We were told last year by the Minister of Public Works that he had taken a broom and cleaned up his department; we were going to have a new deal in the Department of Public Works. They were only going to call for money to be voted that they would spend, and yet in his own department apparently we have the one case where they picked up $2·5 million out of a vote which was supposed to cover other buildings and used that money rather than put it in the estimates and have it brought before parliament. Surely the Minister of Finance does not condone procedure of that kind.

Mr. Harris: I think we are disagreeing, Mr. Chairman, and I hesitate to say it again, on the timing. This is the only occasion on which we could vote this money. We could not have put it in the blue book until the transaction was completed and part of the purchase price paid. Even if you forget for a moment the $2·5 million, we have already paid $1 million, and the purchase is in fact authorized. We have an outstanding agreement of sale from last summer bearing interest at 5 per cent. The sooner the money is paid the more interest we will save. Surely, the only way to do it is to bring it forward into the supplementary estimates, get the money and pay it on the purchase price to complete the transaction.

Mr. Rowe: Why did we vote the $1 million?

Mr. Harris: I think the $1 million probably could have been in the $3·5 million, but once again it is a case of voting enough to secure a contract and not enough to make the purchaser feel he is getting all he is asking.

Mr. Rowe: The purchase had not been made.

Mr. Harris: No, the purchase had not been made. We had an offer then from the owner of the property and we were engaged in negotiations which would lead to purchase. We had to have money to make a down payment if we got an agreement, and that is what, in fact, the $1 million was intended for.

If my hon. friend will forgive me, if we voted this in the main estimates for this coming year, we might not pass that item for some time to come. At any rate, it is not something for the future, it is something in the past; it is done. The arrangements have been made. This is just like every other item; it is to clean up existing obligations of the government of Canada.

Mr. Green: Did the Minister of Finance know that the Department of Public Works had picked up $2·5 million to apply on the purchase price of this building by getting it from the moneys voted for other buildings?

Mr. Harris: The answer is yes, Mr. Chairman. The Minister of Finance was the chairman of a meeting of treasury board that authorized this manner of dealing with the subject.

Mr. Ferguson: Was the $2 million the net down payment?

Mr. Harris: No, the down payment was $1 million. We are speaking now of the $2·5 million.

Mr. Ferguson: I know you are.

Mr. Green: The Minister of Finance was a party to this transaction, then, of taking the $2·5 million from the other vote in public works and applying it on the purchase price of this building, without bringing the expenditure to parliament; is that correct?

Mr. Harris: I hope the hon. member for Vancouver-Quadra does not think I am so simple as to fall into a trap like that.

Mr. Nowlan: It is no trap; it is a fact.

Mr. Harris: The Minister of Finance authorized the payment on the property which had already been purchased by agreement on which a payment of $1 million had been made as a down payment, consequent upon parliament having passed it. Now, without the item in the supplementary estimates of last May or June there would have been no subsequent payment because parliament had not authorized the purchase.

Mr. Green: The minister did not seem to know anything about this $2·5 million last Friday night when we were asking about it.

Mr. Harris: As I said a moment ago, that was my fault. I had the figure in front of me and I did not read it out. I accept full responsibility for not explaining the method of financing this building until this moment.

Mr. Knowles: I should like to say a further word regarding this $2·5 million. As I understand it, when parliament passed item 369 in the estimates for the year which ends tomorrow, it was under the usual provision that that money was to be spent as detailed in the back of the book, with the usual statutory provision that if any changes in those details were to be made they had to be submitted to and approved by the treasury board. The Minister of Finance now indicates that was done. I suggest that there must have been some pretty clear-cut report or recommendation laid before the treasury board. There must have been a formal minute which would indicate how it came about that out of a vote of $10,640,000, there was spare money to the tune of $2·5 million.

The hon. member for Vancouver-Quadra made a guess that was fairly accurate; he said there were about 20 buildings here and I count 21, so that is getting pretty close. They varied in amounts from $50,000 for the construction of a parking area north of Wellington Street to a vote of $2,400,000 for a food and drug laboratory for the Department of National Health and Welfare. I believe that was built. As I look over these estimates, it seems to me that something was done on most of them. What I am trying to do now is set out what I believe to be the picture, and I believe I have stated it correctly. I am asking the minister to produce, if he cannot do it today he can table it in the house very soon, the minute of treasury board and the recommendations dealing with this matter so we will know just how it was that $2·5 million was saved out of this item. He should let us know the secret as to which of these items was not spent or was underspent. Surely the treasury board, of which the Minister of Finance was chairman at the time, did not pass this minute without knowing what it was doing. How about letting us know what was done? Will he table this minute of the treasury board?

Mr. Harris: I am glad to tell my hon. friend the date on which the treasury board changed the $2·5 million, and I can assure him now, and will give him any evidence he wants, that treasury board does not act on those things until there is a recommendation that, in fact, there is a deficiency in the vote and these moneys can be used for that purpose.

Mr. Knowles: I do not want to be obnoxious about this, but it does seem to me we have a right to see that minute of treasury board. In fact, it is pretty near to an order in council. I believe that it has the same status as an order in council. It is a little different from the ordinary order in council in that automatic publication is not required. Surely these matters are not secret. This makes me wonder how many other instances there may be where the details in the back of the book have been altered after the item has been voted by parliament, as laid down in the Financial Administration Act. I am ready to admit that is provided for by law. When we pass an item in the front of the book, the details at the back of the book are mainly for our information, but it is more than that. The money is to be spent as provided in the details, unless the government wants to make a change which it can do by application to the treasury board. Surely that application must include all the facts. Surely we are entitled to those facts.

The minister nods his head, but that is not recorded in *Hansard*. I ask again, can this minute be tabled?

Mr. Harris: Certainly.

Mr. Fraser (Peterborough): I want to ask a couple of questions here. The minister

said the decision to buy this building was not made until a year ago. However, back in 1952 according to the public accounts some $203,000 was spent on repairs and alterations to that building. Now, were any other repairs and alterations besides that $203,000 made?

Mr. Harris: Did my hon. friend say $303,000?

Mr. Fraser (Peterborough): I said $203,-230.18.

Mr. Harris: My notes say that we spent $247,305.

Mr. Fraser (Peterborough): This would be spent in 1952?

Mr. Harris: That is the grand total in repairs and alterations.

Mr. Fraser (Peterborough): Was any consideration given, in the final figure, on account of those payments, and these alterations?

Mr. Harris: Yes, we took it into account in considering the valuation of the $5 million on the other building we are buying.

Mr. Fraser (Peterborough): They never gave consideration in regard to the rentals.

Mr. Pearkes: One of the most serious aspects of the situation seems to be that in June of last year we received assurances from the Minister of Public Works that in the future there was to be no inflation in his estimates. Yet, two months later, in this one item, they are able to collect 25 per cent of the amount authorized for expenditure in Ottawa. Surely there is a case in which there was very definite inflation of the estimates. Within two months of the passing of the estimates in the House of Commons he was able to collect $2,500,000.

Mr. Harris: I did not say that. August, 1954, is the treasury board minute authorizing the purchase of the building. That was not the date on which the $2,500,000 was transferred.

Mr. Pearkes: When was this money made available? The minister told me, if I heard him correctly, that it was made available in August of last year.

Mr. Harris: Yes, but that was the date of the purchase agreement. Is the hon. member asking when the $2,500,000 was paid?

Mr. Pearkes: Yes, when the $2,500,000 was paid.

Mr. Harris: Well, $1 million of it was paid, or authorized, on September 30, and $1,500,-000 on February 11.

Mr. Knowles: Two separate treasury board minutes?

[Mr. Fraser (Peterborough).]

Mr. Harris: Yes.

Mr. McIvor: Is it not a fact that this $2,500,000 that was not spent on other buildings was used on this one so as to save interest?

Some hon. Members: Oh, oh.

Mr. Fraser (Peterborough): To save face.

Mr. Rowe: It does appear, Mr. Chairman, that this is a very irregular way of doing business.

Mr. Harris: Perfectly regular.

Mr. Rowe: It is irregular, despite what the hon. member for Fort William has said. I note that the minister says it is entirely regular. Well, if it is, it is strange that when the government asked us to vote $1 million they must have known what the situation was. Treasury board would not vote $1 million unless they knew what it was for.

Mr. Harris: Treasury board did not vote it; parliament voted it.

Mr. Rowe: But it was voted, and your intention was to buy the building.

Mr. Harris: Yes.

Mr. Rowe: The intention was to buy the building at the time. Then, $1 million should not have been voted, unless $5 million was voted. It would not have cost any more, if these moneys had been voted in the regular fashion. Surely, when it is making a purchase, the government does not need to tell the seller that because a vote is passed in parliament the government has to use the total amount when making the purchase.

Mr. Harris: No, but what vendor would not pay any attention to the vote?

Mr. Rowe: As the hon. member for Simcoe North points out, at the rate the government spends money, sellers know that you do not need to pay out all that is voted. I know the minister has lived in a rural district and traded horses, and he will know that you do not—

Mr. Harris: I know my hon. friend trades them, and he never tells in advance what he is going to pay for an animal, so that that information gets to the ears of the man who is selling it.

Mr. Rowe: No, but I will say this to the minister, that nobody has ever charged me $1,000 more for a horse, merely because he thought that that meant I had $1,500 more in my pocket.

Nobody is going to sell anything to the government of Canada without knowing he is going to get paid for it. No salesman expects that the minister, spending upwards of $5

billion each year, is not going to have enough to pay for an item like this. If it was the intention, as it appears to have been, to pay that amount, then it should have been voted as $5 million. And if it required only $4,500,000 it would be easy to come back and say that in the vote of $5 million you had $500,000 more than you needed.

And so I think we should have the information asked for by the hon. member from Winnipeg. We should have the details. I am glad to hear the minister admit that it must be irregular, because it had not happened before. And I think he has given the intimation today that he does not intend to let it happen again. In any event we would hope that it would not happen again. While I am casting no reflection upon the integrity of any of the parties to the deal, and while I am not questioning the value—I am not arguing whether it is worth $5 million or $5,500,000 or $4,500,000 or $7 million; you may have got a bargain; we do not know about that—I certainly do feel that this is a very irregular procedure. It is unfair to the opposition, unfair to parliament and unfair to the taxpayers to make a deal in the way this one was made.

The minister seems to imply that it would have made some difference had the vendor known that a vote for $5 million had been passed. But surely that would not affect the price of the building. The hon. member for Esquimalt-Saanich points out that you had $2,500,000 that you picked up from somewhere else. We do not know what other building that was dropped from, but we do know there was $2,500,000 from somewhere. If you had been aboveboard in stating what it was to be spent for it would not have cost any more. I think we should be told what other building suffered, if any did suffer. And if no other building suffered, then you voted $2,500,000 you should not have voted in the first place.

I do not think we should hold up the item indefinitely. It is a matter that can be regretted, and I think the government more or less admits that its procedure has been a bit irregular.

Mr. Harris: I have not said that.

Mr. Rowe: No, I know the minister has not. He says he is not going to be led into any trap, by admitting anything. Somebody says that it is not a trap, that it is a fact. Whether you admit it or not, the fact is that we say this was highly irregular.

Mr. Hees: In addition to tabling the minute of treasury board which, I understand, the minister has agreed to do, would he also table the lease agreement and the sale agreement, as well as the evaluation certificates?

Mr. Harris: Before we go further, of course I have no objection to the tabling of all these papers in the normal way. I would not wish to undertake to do it myself, but I presume the Minister of Public Works, or whoever negotiated the transaction, would do it. I can give the details of the lease, and the bare fact that $5 million was the purchase price. I do not know of there being any arrangements other than that. If my hon. friend wants to have the papers, I would have no objection.

But I have one word to say about the treasury board item. I regret I shall have to inform the committee that it has not been the custom to table treasury board minutes. I was not aware of that a moment ago. I am prepared to answer any questions asked, but I gather that the tabling of treasury board minutes is not done.

Mr. Knowles: Is it because of custom that it is not done, or is it prohibited by law, or is this part of the veil of secrecy?

Mr. Harris: As hon. members know, treasury board is in fact a committee of cabinet, and the only results of cabinet meetings which are tabled are orders in council. Under those conditions I cannot table it.

Mr. Knowles: I must say I have seen such things tabled as minutes of treasury board. Now, whether there were various categories I do not know. If that cannot be done, will the minister answer a question if someone puts it on the order paper—I can think of someone who will—as to what happened to the details of this particular vote? Which of the items were spent in full, which were not spent at all, and which were spent in part? How did $2,500,000 come to be saved?

Mr. Harris: Yes, I shall get that information.

Mr. Knowles: That set of questions will be on the order paper shortly.

Mr. Ferguson: On an item of $5 million we have two appraisers acting for this government and on behalf of the taxpayers of Canada. There is a difference of $500,000.

Mr. Rowe: It is $900,000.

Mr. Ferguson: I am taking the minister's word, although I do not believe it is very accurate. I am willing to take his word, but I have another figure of around $900,000.

An hon. Member: That is what he said.

Mr. Ferguson: If that is what he said my hearing is not any better than a lot of your statements. There is a difference of $900 million.

An hon. Member: It is $900,000.

Mr. Ferguson: I got that from the Minister of Trade and Commerce; what's a million here or there? If the minister were doing business for himself or the Minister of Public Works were doing business for himself, if he were buying a piece of property for around $5 million and obtained two appraisals on the building in which there was a difference of $900 million—

Mr. Harris: It is not $900 million.

Mr. Ferguson: No, $900,000. I would think the first thing he would do would be to say there is something radically wrong here. I am going to call in competent appraisers. Certainly one of these firms is crazy or has made a great error. But no, that is not the way this government does business. That is not a sufficiently large figure to stop them in their tracks from purchasing the building and seeking the correct value somewhere else. They say one firm says so and so and another firm says something else, and there is a difference of $900,000. What does that amount to? After all, the ministers are just human beings. Do not lose sight of the usual practice of human beings in transacting business, because any human being in the world in charge of a transaction of this magnitude would be struck dumb with a difference of $900,000 in the evaluations.

I am going to ask some friends of mine who are doing federal government contract work to give me a figure at which they would be glad to tender on a similar building, to give me a figure they would be glad to submit in this day and age when construction costs have risen above what they were when the government purchased the building. I believe we still might find, and I believe the government would be glad to know, that they should not be so foolish as to be stampeded into buying this building to provide the accommodation they need. They rush into it. They obtain two evaluations. There is a difference of $900,000 in the figures. They say they have to get this money; there has to be the utmost secrecy in the whole transaction, or the vendor will not sell us the most valuable piece of property in Canada. We will take a five-year lease with the vendor—how long was the lease? Was it five years?

Mr. Harris: Yes. If my hon. friend is saying we had this property then he is quite wrong.

Mr. Ferguson: You needed the building and you leased it for five years.

Mr. Harris: Yes.

Mr. Ferguson: That was not satisfactory. You had plenty of time to erect a building at proper costs before you closed this deal. If you had done that you would not be guessing at where you stand today. The public of Canada would know where they were heading, and they would not be guessing at the course you have taken.

Mr. Hamilton (York West): Apparently I am a little unusual, Mr. Chairman. I am still interested in the value of this building and the price paid for it. I notice that in the public accounts for 1953, volume I, at page V-8, it is indicated that 269,000 square feet of space were occupied in this building. I also notice that the minister indicated at page 2425 of *Hansard* that 229,500 square feet were occupied. Does this mean that the space leased was greater than the space purchased?

Mr. Harris: No. The simple explanation is that the larger figure is the gross area; the smaller figure is the net that is used.

Mr. Hamilton (York West): These figures would indicate that in Ottawa the purchase price is high and the rental is fairly reasonable. In connection with the observations of the hon. member for Simcoe North, may I ask whether this figure was arrived at simply by an offer from the vendor, or was it simply a split the difference transaction between two evaluations, or how was the figure of $5 million arrived at?

Mr. Harris: The $5 million was arrived at by the usual process of having evaluations and having the department itself come to the conclusion that the purchase price was fair, after all the investigation of the building as to its value, as to its usefulness to the government, and so on.

Mr. Hamilton (York West): In connection with the evaluation, I think the minister said that he had no access to the cost of this building. I think he indicated that by nodding his head.

Mr. Harris: I do not understand what the hon. member is saying now.

Mr. Hamilton (York West): The minister had no indication of the actual building costs, because he did not put up the building.

Mr. Harris: No, I did not say that. I said I did not have them. I presume the Department of Public Works has them.

Mr. Hamilton (York West): Did the government have an indication of the actual amount spent by the vendor to put up the building?

Mr. Harris: I would doubt very much whether the vendor of a building would disclose to a would-be purchaser the cost of that building.

Mr. Hamilton (York West): That may be true, but in connection with the closing of this transaction I assume the minister had a statement of adjustments of some kind.

Mr. Harris: Not until we get this money to close the deal.

Mr. Hamilton (York West): It is still not closed?

Mr. Harris: No.

Mr. Hamilton (York West): Has there been any indication to the government that there are any arrears on mortgages on the property, or of liens filed against the property.

Mr. Harris: Not that I know of.

Mr. Hamilton (York West): Has there been any indication that the vendor has taken care of the outside purchase price and has paid all bills?

Mr. Harris: If he has not they will be deducted on the completion of the transaction, in the usual legal way.

Mr. Hamilton (York West): That may be so; but his reasons for selling or the price he might have to get may have some bearing on that.

Mr. Brooks: The minister has told us there were two appraisal firms and there was a difference of $900,000 in their evaluations. Can the minister give us the names of the two appraisal firms and the evaluation set by each, and also when they were given?

Mr. Harris: I have not the dates. The appraisers were E. S. Sherwood of Ottawa and J. E. Pitt of Montreal. The Sherwood appraisal was $4,491,750 and the Pitt appraisal, the higher one, was $5,386,242.

Mr. Lennard: Can the minister say whether the government put a heating system in this building, and if so, what was the cost?

Mr. Harris: I am not aware of the government putting in a heating system.

Mr. Lennard: I understood they did.

Mr. Herridge: Can the minister tell the committee the fees paid to these two firms that appraised the building?

Mr. Harris: No, but I shall get that for the hon. member.

Mr. Montgomery: I have a question on item 369 out of which I understood the minister said the $2,500,000 was taken to complete the purchase price. In this item there is $150,000 for improved accommodation for the R.C.M.P. at the seminary building. Was that $150,000 spent in addition to the $2,500,000?

Mr. Harris: The $150,000 is what I gave a moment ago, and then there is $247,000 for additions and repairs.

Mr. Green: What money has been spent on the upkeep of the grounds, landscaping and work of that kind? This property comprises some 113 acres.

Mr. Harris: We have no property yet; we have not spent any money except the amount of $247,000 I have given.

Mr. Green: Is there anything in the estimates for the next fiscal year covering an expenditure of that kind or of any other kind in connection with this building?

Mr. Harris: I shall let my hon. friend know in a minute.

Mr. Lennard: I think this is a case where the Minister of Public Works could well have been here this afternoon, on an important item like this.

Mr. Green: I understood the minister to say that what one might call the cost over and above the purchase price of $5 million, or rather the expenditure by the government over and above the $5 million, amounted to approximately $449,000 paid as rent, $56,000 paid as interest, $247,000 for alterations, and then there was a vote of $150,000 to which the hon. member for Victoria (Ont.) referred and which was covered by vote No. 369 of last year, which was described by Hon. Mr. Fournier as being absolutely necessary for the efficient operation of the headquarters and to take care of normal expansion requirements. That adds up to about $900,000 over and above the purchase price. Am I right in saying that is what it cost the government in addition to the purchase price? Are there any other expenditures in connection with the building which have not been taken into account in the discussion today?

Mr. Harris: I think the $150,000 referred to by the hon. member for Victoria, Ont., is part of the total expenditure of $247,000 which I gave. To answer my hon. friend, the expected cost of valuations, surveyor fees and legal fees is $20,000.

Mr. Green: Is the minister tabling the lease and the sale agreement?

Mr. Harris: Yes, I will do that.

Mr. Hodgson: I think we should tidy this up a little bit before we finish. The purchase price was $5 million and now we have added to that nearly $900,000.

An hon. Member: No.

Mr. Hodgson: Half a million for rent, a quarter of a million for something else; $150,000 for repairs. That is $900,000 according to my figures, although it may be up or down $2. That brings it pretty close to the $6 million mark. This big building is not adequate for the mounted police requirements, is that not right?

Mr. Harris: It is very suitable.

Mr. Hodgson: In 1953 when they moved in it was said that this was not big enough or was not adequate. Even yet all the mounted police and their equipment are not out there. You are still renting space in the city of Ottawa. Are you going to build more buildings out there?

Mr. Harris: We have 988 people in the building. Should it be necessary to provide for another 1,000 people some day no doubt we will do so.

Mr. Hodgson: You are still paying rentals in the city of Ottawa for the R.C.M.P.?

Mr. Harris: There is hardly a department of government which is not located in three or four different buildings in Ottawa. We have never been able to find money to provide separate buildings for all departments and I do not suppose we ever shall, except in the case of veterans affairs and their new building. It seems to be the lot of the civil service and the government to have departments divided up all the time.

Mr. Hodgson: In November, 1953, the Department of Public Works had this to say:

> It will be larger than the present temporary headquarters building, running to around 260,000 square feet of space, and designed to accommodate all branches of the force, including stores, which are still located in rented quarters in downtown Ottawa.
>
> Adjoining the new headquarters will be a housing development for members of the force, and shops, stores and other subsidiary buildings.
>
> The present temporary headquarters building was occupied by the force only a few months ago but already is inadequate. Halls and passages are used for filing cases and records and the building is not the most suitable . . .

What has the minister to say to that?

Mr. Harris: As I said before, personally I am happy that we are spending $5 million, or $6 million if you like, rather than building a new building. I think these quarters are much better than the quarters the police had before and I think they will do for some time to come. The time will come, no doubt, when it will get so crowded that we will have to find another building, but I do not suppose I shall be around at that time.

Mr. Hodgson: This building is not adequate now.

[Mr. Hodgson.]

Mr. Harris: I do not admit that. This building is doing the work for practically all the R.C.M.P. except for some storage space for goods of one kind and another in downtown Ottawa. There is no reason in the world why that storage space should not be downtown instead of out at this particular building. Perhaps it would be more convenient if it were out there, but once again there is a great deal of inconvenience in these things and one has to put up with it. I doubt very much if we will be able to build a special building for the R.C.M.P. for some time to come.

Mr. Rowe: Is it the intention of the department to use the 100 acres of extra land purchased with this building for a housing project or for future additions, or is it the intention of the department to dispose of this land, which might reduce the cost?

Mr. Harris: No. The moneys which my hon. friend was referring to were in connection with a new building project.

Mr. Rowe: It did not go with this building? I thought it went with this building.

Mr. Harris: We bought 113 acres with the building, but the money the hon. member referred to, to build a new building and a housing development in connection with it, was not this project.

Mr. Rowe: What are you going to do with the land?

Mr. Hodgson: That was in your estimate of $10 million.

Mr. Harris: I have not an estimate of $10 million.

Mr. Hodgson: The other day the public works department estimated $10 million for the over-all picture. You still have buildings rented downtown and will have for years to come. This building is not adequate. There is no force or organization in Canada that needs proper attention and care and proper housing more than the Royal Canadian Mounted Police. I think it is a mistake for the government to go ahead and buy a building which is not adequate for the force. The R.C.M.P. are going to be increasing by leaps and bounds because province after province is doing away with its provincial police and turning things over to the Royal Canadian Mounted Police.

This is just like building a post office which is too small in the beginning. You are not planning for the future at all. In future years we may have an estimate for the construction of another building alongside this one, and the result will be a mixed up, jumbled affair. I suppose we will have to

follow the late Mr. Mackenzie King's policy and wait and see what is going to happen. The fact is that this building is inadequate, and the minister knows it.

Mr. Lennard: I might say it was not adequate at the time, because Hon. Mr. Fournier, the then minister of public works, stated in answer to a question asked by the hon. member for Vancouver-Quadra that they were going to construct an additional building to cost $150,000. Mr. Fournier at that time said this:

> Mr. Fournier (Hull): Even at that, when they moved out of the justice building and went over there, they still found that they did not have sufficient space. They made this request to the Department of Public Works to furnish them with another 12,500 feet. So this building, I am told, will not be of a permanent character as are the buildings you have on Wellington street, like the veterans' building or the justice building. It will be to complete the space that they need for their operations.

At that time the space was not adequate. They asked for an additional 12,500 feet, and that was several years ago, in 1953, when they were merely renting the property. I imagine that today they are still cramped.

Mr. Harris: As I say, we have spent $247,000 in making the building more adaptable to their needs. But I can assure hon. members that at this moment I know of no request from the R.C.M.P. for a new building of that nature.

Mr. Pearkes: Earlier this afternoon the minister referred to garages. Are there garages on this property?

Mr. Harris: Yes.

Mr. Pearkes: There are garages constructed?

Mr. Harris: Yes.

Mr. Pearkes: Adequate in number?

Mr. Harris: I am told so.

Mr. Small: What part of the establishment is housed at Rockcliffe? Is there not part of the establishment out at Rockcliffe yet?

Mr. Harris: There will be establishments of a small nature, of course, here and there in order to be located closer to the work they are dealing with. But this is the headquarters of the R.C.M.P.

Mr. Knowles: Mr. Chairman, since the last time I was on my feet I have managed to draft the questions that I suggested I would put on the order paper, and they will appear in print tomorrow. In the meantime it seems to me that this whole question has raised an issue even more important than the particular item of expenditure we have been discussing. It has been clearly brought out that there was this amount of $2,500,000 which was paid by saving it out of item 369 of the estimates of 1954-55. The minister at first seemed to think I had made a reasonable request when I asked for the tabling of the minutes of treasury board making that alteration. He now tells me, or rather he told me later, that it is not the custom to table such minutes. I have been looking through the Financial Administration Act to see if I can find any authority for withholding such minutes, and I have been unable to find any such authority. It might be there, but as yet it has escaped my notice, at any rate. However, in the Financial Administration Act there is section 29, which is pertinent to this discussion. It comes under part III of the act which is headed "Public Disbursements". After all, this is a fairly important activity of government over which there is laid down strict parliamentary control. Section 29 reads as follows:

> At the commencement of each fiscal year or at such other times as the treasury board may direct, the deputy head or other officer charged with the administration of a service for which there is an appropriation by parliament or an item included in estimates then before the House of Commons shall prepare and submit to the treasury board through the comptroller a division of such appropriation or item into allotments in the form detailed in the estimates submitted to parliament for such appropriation or item—

It is quite clear that the deputy minister is required to submit to treasury board the details of an item in the form in which they are set out in the back of the book. In other words we rely on it when we pass an item, that the intention is to spend it as set out in the back of the book. The section continues:

> —or in such other form as the board may prescribe, and when approved by the board the allotments shall not be varied or amended without the approval of the board, and the expenditures charged to the appropriation shall be limited to the amounts of such allotments.

I think I was perfectly fair in my previous statement when I recognized the fact that the department has the right, under the statute, to request a variation in the details. But that variation cannot be made unless it is approved by the treasury board. But I submit that two-thirds of this blue book of estimates becomes a mockery if these details can be altered time and again without our being able to get the minutes of treasury board which indicate such changes as have been made.

I submit, Mr. Chairman, that this matter now goes a great deal further than the question of this particular expenditure now before us. As I indicated a moment ago, I have taken the minister's suggestion and have submitted order paper questions which I trust will get the information we want with respect

to this particular item. But I ask the minister to consider further the seriousness of his statement that it is not the custom to table these minutes.

I am the last one to suggest that every last minute of treasury board or every last little order in council or regulation that is passed should be tabled. The table would not hold them. Everyone knows that there is a great deal of detail that is routine and administrative, about which we do not need to be concerned. It may also be true that there may be alterations in details of expenditures which are minor and about which we do not need to be unduly exercised. But surely we should have the right at any time to have brought down before the House of Commons a minute of treasury board altering any of the details that are set out in the back of the book of estimates.

I give as my authority for that submission section 29 of the Financial Administration Act, to which I have just referred. I realize that perhaps the minister is not now in a position to look up the authorities to find out why this custom has been as it is, but I seriously ask him to review the statement he made to me a few minutes ago.

Mr. Harris: I shall do so, Mr. Chairman, and I shall be prepared to discuss the matter on my own estimates.

Mr. Hodgson: I have one more question, Mr. Chairman, and then I am through. The government purchased 114 acres in this property out there. Will the minister say what they are going to do with all this land? Is it going to be space for officials and officers of the R.C.M.P.?

Mr. Harris: The present intention is not to sell the land but to retain it as part of the federal district authority. If, however, additions to this building should be needed from time to time in order to house additional staff, if that can be done effectively and efficiently, it will be done; and we shall continue to have this as a good headquarters for the R.C.M.P.

Mr. Ferguson: The minister says this land is to be retained as part of the federal district commission over-all picture. Is that his own opinion or is it according to the planning of the commission? Are we to believe that from now on if we purchase a building or make some deal with regard to a building with 100 acres attached, whether it is in accordance or in keeping with the general over-all plan, if there is around there a 100-acre area more or less that cost $2,500,000, we will just keep it too? Does the minister know for a positive fact that it is part of the plan to retain that property? He spoke with authority.

Mr. Harris: Mr. Chairman, the great difficulty one always has when dealing with vacant land which is expensive is this. If you dispose of it, in a few years you may regret it because you will need it for other purposes. If you dispose of it you can no longer have a certain amount of park land in a heavily populated city. In this particular case, holding the land has two virtues. The first is that some day we may feel that we have to add to this building, and add to it substantially. We may also have to erect other buildings as they are needed, if we have room on this ground. In the meantime it is desirable to hold it as part of the long-term build-up of the federal district area and it will be suitable, during the period of time that is desirable. Ultimately it would no doubt be used as commercial property, either by government or otherwise.

Mr. Ferguson: From the point of view of ordinary common-sense business methods, does the minister not hope for the sake of the taxpayers of Canada that there will not be many more such purchases involving an excess amount of land, certainly to the extent of 80 acres? If the government purchased 100 similar properties with the same amount of land would the minister still think it would be advisable to retain the extra 80 acres whether or not the government knew what it was going to do with it, and pay out the taxpayers' money in that way? Does the minister sincerely believe the statement he has just made, that they are going to hold the land because they are not sure what they are going to do with it and, although it has been purchased with the taxpayers' money, they are going to hold it because they may want to use it for a building or as park land? It may be required for a polo park.

We have purchased it, and the minister says when we did so we intended to get a building large enough to accommodate the mounted police adequately. That was the reason the building was purchased. It was not a venture on which money might be made or lost as holders of land on behalf of the taxpayers. The purpose was purely and simply to purchase a building because there was dire necessity for it to house the mounted police. We have done that. Now the minister comes along and says they are going to keep the land because it may be needed for a park or for expansion. We do not know what it will be used for. But that is what we are spending the taxpayers' money on, and it is a most improbable proposition when we do not know definitely what is going to be done with it.

We are putting the taxpayers of Canada into the real estate business. That is what we are doing.

Mr. Trainor: Would the minister say a building could not have been designed specifically for the needs of the mounted police and constructed for $6 million or less on an adequate amount of ground?

Mr. Harris: I am not a builder and I could not say that. What I have said is that both on the basis of the valuations received and on the basis of the judgment of the Department of Public Works, who are charged with the responsibility of making the decision for the government of Canada, it was thought that this building at $5 million and the additions that have been made to it would be suitable for the purpose. It was also decided, as I have already indicated, that it was preferable to buy the building at that time rather than design and wait for the completion of a building which might cost more. As a matter of fact I still rely on the hon. member for Victoria, Ont., who has quoted from a document indicating that such a building would cost $10 million.

Mr. Trainor: Does the minister not think it would have been desirable to have the Department of Public Works look into the question and find out if it would have been possible to design a building specifically for the needs of the mounted police, rather than put the mounted police in a building which admittedly is not altogether suitable for their needs, and that could have been improved upon if a building had been designed specifically for the purpose?

Mr. Harris: I have said before that the ideal would be to design a building for a particular purpose every time, but we cannot achieve the idea. We try to get something less than that and get value for our money. I suggest to the committee that that will always be the viewpoint. Certainly in this case it was. I am quite prepared to agree with my hon. friend that a building for the R.C.M.P. could have been designed which would not have been the same as this building. There is no question about that. But, as I say, the people we have on our payroll who are charged with the responsibility of making such decisions decided that this building was suitable and valuable at that price. If they are not acting wisely and giving proper advice to the government in the discharge of their duties I would listen to a suggestion from my hon. friend that we might dispense with their services, but I have faith that these people do not make these decisions without careful consideration.

Mr. Trainor: But the minister admits he did not get an alternative price. He did not find out how much it would cost to design and construct a building specifically for the purpose of the mounted police. He did not explore the alternative. He took the recommendation of the valuators that this building would probably do and that the mounted police could get along with it, but he did not explore the possibility of securing for the mounted police exactly what they required and finding out how much that would cost.

Mr. Hodgson: Mr. Chairman, I was all through but the minister has tried to put words in my mouth. He said that I said a building costing $10 million was required. I do not know whether those were his exact words, but may I say that so far as I am concerned there is nothing too good for the Royal Canadian Mounted Police. Their numbers are increasing all the time, and we certainly need them. However, when I referred to the figure of $10 million I said for that amount you could have a much better building than the present one and could also construct a housing project for all the officers and officials who go with the mounted police.

This may not be a bad deal. I do not know, and I am not prepared to say. It may be a good deal, but you have not an adequate building for the mounted police. There was plenty of time to build a new building after this one was rented, if the department had seen fit to do so.

I do not like the minister to say that I suggested a building costing $10 million. I do not suggest that the government should spend a dollar more than it has to, but when you are constructing a building and spending money it may be better to look ahead a little and spend $10 million now for a suitable building. You will need the 114 acres; don't worry about that. I would gamble money—I will spend the odd dollar that way any time—that within four or five years you will decide you have made a bad deal because you will have to construct another building costing $5 million before adequate accommodation is provided for the Royal Canadian Mounted Police.

Mr. Vincent: I should like to ask the hon. member a question.

Mr. Nowlan: You do not have to answer questions.

Mr. Vincent: Has he ever seen the building?

Mr. Hodgson: Yes, I have seen the building.

Item agreed to.

DEPARTMENT OF TRANSPORT

Railway and steamship services—

614. Canadian National Railways deficit, 1954—amount required to provide for the payment during the fiscal year 1954-55, to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made by the national company to the Minister of Finance, and to be applied by the national company in payment of the system deficit (certified by the auditors of the national company) arising in the calendar year 1954, subject to recovery therefrom of accountable advances made to the national company from the consolidated revenue fund, $28,758,098.

Mr. Green: This is the item covering the Canadian National Railways deficit for 1954. I understand it has been considered in the sessional committee on government-owned railways and shipping, and we have no further questions to ask.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

621. Departmental administration—further amount required, $39,738.

Mr. Brooks: I should like to ask the minister what this amount is for. In the details on page 25 there is reference to office stationery, supplies and equipment. Is that for the new veterans affairs building in Ottawa or is it for supplies throughout the country?

Mr. Harris: It is for microfilm cameras and Recordak cameras and things of that nature at headquarters, for the card index system.

Mr. Brooks: In the new building.

Mr. Harris: Yes.

Item agreed to.

War veterans allowances and other benefits—

623. Assistance fund (war veterans allowances)—further amount required, $50,000.

Mr. Brooks: I notice this is quite an increase in the assistance fund. Is it on account of more applications by veterans for such assistance?

Mr. Harris: Yes.

Mr. Brooks: The number is increasing all the time?

Mr. Harris: Yes.

Item agreed to.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Loans, investments and advances—

626. To provide, subject to regulations of the treasury board, for working capital advances in the current and subsequent fiscal years to posts and employees on posting abroad, and to authorize the creation of a special account in the consolidated revenue fund to which shall be credited expenditures made by and advances recovered from the said posts and employees, the excess of the amounts charged over the amounts credited to the account at any time not to exceed $230,000.

[Mr. Hodgson.]

Mr. Mitchell (London): There are one or two observations I should like to make and one or two questions I should like to ask. The minister has said this afternoon that the function of these further supplementary estimates is to catch up during the course of the fiscal year on payments which it was found necessary to make over and above those provided in the main estimates for specific items. Here we find that he is providing funds both for current advances and subsequent advances. This in fact, I submit, represents a change of policy, and the time for changes of policy to be considered is when the main estimates are before us, not when we are considering supplementary or further supplementary estimates. I suggest to the minister that this item should not be appearing in these further supplementary estimates at all, but should be appearing in the estimates for the coming fiscal year.

My second observation is that it also covers subsequent fiscal years, and that is worse. That figure should, in fact, also appear in the estimates for 1955-56. I would be glad if the minister would advise the committee as to the reasons for this change in policy being made in this manner.

Mr. Harris: I agree partially with what my hon. friend has said, Mr. Chairman. However, my remarks as to the purpose of the final supplementary estimates were not to be taken as an exclusive definition of every item that could appear. As he knows quite well, we cannot let the treasury board and its officials cease to work when the blue book is brought out. In this particular case, and I confess it without any difficulty, it was not decided upon at the time the main estimates were certified by me in late December.

Subsequent to that time it was decided to carry a revolving fund of this kind for the immigration people. Now then, there is a choice, either to put it in here when it should get dealt with at the earliest possible moment, or leave it until next year when it would appear in the main estimates. There seems to be no particular point in waiting. This is a principle which has already been approved by parliament. We have these revolving funds for persons who are far away from Ottawa and who need money for the purposes set out in the fund. We do it in external affairs, for example, and for that reason we are asking that we may be permitted to do it with respect to immigration personnel.

Mr. Mitchell (London): Do I understand that this policy was decided upon subsequent to the time the blue book for the coming year was printed?

Mr. Harris: That is right.

Mr. Mitchell (London): Then may I ask the minister how much of that $230,000 has been spent in the current fiscal year?

Mr. Harris: I could not give that, Mr. Chairman. This money is spent by the various officers abroad and then reimbursed by the government. I could get the figures for the total disbursed up to any given date my friend wants.

Item agreed to.

DEPARTMENT OF FISHERIES

Loans, investments and advances—

627. To provide for advances to the government of Nova Scotia (not to exceed $42,084) and to the government of Prince Edward Island (not to exceed $74,257) in accordance with the terms of agreements to be entered into, with the approval of the governor in council, by the government of Canada with each of the said governments; the advances to be seventy-five per cent of the loans made by each of the said governments for the purpose of replacing abnormal losses of equipment suffered by reason of severe weather conditions during the period February 1 to July 1, 1953, $116,341.

Mr. Nowlan: In connection with this item my argument somewhat follows the lines suggested by the hon. member for London. Certainly I am very happy to see this item in here. I think it should have been provided long ago. Nevertheless, I am somewhat intrigued by the particulars given for this item. This is a payment in accordance with the terms of an agreement to be entered into, and that suggests some future arrangement. At least when these supplementary estimates were printed—I am not sure what the situation may be today—apparently the agreement had not yet been executed. Will the Minister of Finance say if that is the situation? Has the agreement been executed? If not, does he think, as Minister of Finance and as a matter of principle, it is advisable to include in the supplementary estimates for a year which is to conclude tomorrow an item which apparently will not be paid until the financial year which begins the day after tomorrow?

Mr. Harris: Yes, Mr. Chairman; this government is so very careful about its conduct of affairs that the Minister of Fisheries is not going to sign the agreement until parliament has authorized him to spend the money.

Mr. Nowlan: Then we are legislating here by supplementary estimates for an expenditure which has not yet been made in this fiscal year?

Mr. Harris: No, no.

Mr. Nowlan: Is it not the basis of the supplementary estimates that they are to provide for moneys which were spent or were overspent for purposes authorized by parliament?

Mr. Harris: No, that is not the sole reason. It is the principal reason, as I indicated before. But as I think my hon. friend knows, we have a 13-month accounting year, and these moneys could be paid out during the next month.

Mr. Stick: I notice that this proposed agreement applies to Prince Edward Island and Nova Scotia. Is there any contemplated agreement with Newfoundland in this regard?

Mr. Harris: No, this vote arises as a result of a severe storm in Prince Edward Island and Nova Scotia two or three years ago. Its purpose is to carry out an arrangement which was tentatively made with the provinces at that time to grant money to the lobster fishermen to repair their nets.

Mr. Low: I was going to ask the minister if this vote does not provide for loans to the provinces, and I was going to ask him the terms of the agreement with respect to the rate of interest and the length of time for repayment.

Mr. Harris: There is no interest, Mr. Chairman. This is not a loan to the provinces, but is a loan to the lobster fishermen who lost their gear. It was understood between the province and the federal government that loans would be made to the fishermen to replace their gear, and that we would advance 75 per cent of the amount required and the province would advance the remainder of the loan, which would be interest free.

Mr. Low: Interest free, and over what period of time?

Mr. Sinclair: Three years.

Mr. Nowlan: Have these loans been made already?

Mr. Harris: Yes, by the provinces, and this is authority to reimburse the provinces.

Mr. Nowlan: Why the delay in having the agreement executed? This damage occurred between February and July, 1953, about two years ago. Has the delay been due to the government at Ottawa or to the government at Halifax, in not getting the agreement signed?

Mr. Harris: There has been no delay. These advances have been made and are now audited. A specified amount is ready to be paid. All the money is now accounted for in the sense that we know precisely the share we have to pay, and that has caused the delay. There has been no delay in advancing the money to the fishermen.

Mr. Nowlan: There has been a delay in negotiating the agreement, because it has not been signed yet.

Mr. Harris: This was one occasion on which we did not want to make the agreement until we had authority from parliament to do so.

Mr. Nowlan: There is no authority yet?

Mr. Harris: No, but I hope you will vote it.

Mr. Nowlan: The agreement has been signed by the provinces, signed by Nova Scotia, but not by Ottawa?

Mr. Harris: The agreement has not been signed but will be when this vote is put through and the money is available.

Mr. Nowlan: You have just told us that the agreement has not been signed, yet you are voting moneys under it?

Mr. Harris: No, that is not what you are told. You are told we have waited to bring this forward until we knew the precise amount that we have to reimburse the provinces. In the meantime they have made the loans to the fishermen and they are now billing us for our share.

Item agreed to.

DEPARTMENT OF JUSTICE

Loans, investments and advances—

628. To authorize the operation of a revolving fund in accordance with section 58 of the Financial Administration Act for the purposes of acquiring, managing and manufacturing materials used in industrial work done for: (a) government departments, and (b) penitentiaries including the office of the commissioner of penitentiaries; the amount to be charged to the revolving fund at any time not to exceed $300,000.

Mr. Mitchell (London): The remarks I made with respect to item 626 also apply to this item. I wonder if the minister could give us some further details of the work which it is intended shall be done or perhaps has been done as a result of this item.

Mr. Harris: This is merely a different way of doing the bookkeeping with regard to the penitentiary. In the past there have been two items in the accounts, and there was a credit of a sale given to the other account. This provides for a revolving fund which will be one bookkeeping entry to take care of the two we were formerly using.

Item agreed to.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Loans, investments and advances—

629. To authorize the operating of a revolving fund in accordance with section 58 of the Financial Administration Act, for the purpose of financing the purchase of stores to be used in construction projects at the new Aklavik site; and to authorize the charging to the revolving fund of expenditures already made for this purpose from votes 324 and 695, Appropriation Act, No. 4, 1954; the amount to be charged to the revolving fund at any time not to exceed $500,000.

Mr. Hamilton (York West): Perhaps the minister would outline some of the details in connection with this half million dollar expenditure? I assume it is in connection with the movement of Aklavik to a new site on firmer ground. Perhaps the minister will give us some idea of how the money is to be spent?

Mr. Harris: This covers a number of items which will be spent during the course of moving Aklavik to other ground. It will cover materials and supplies used in buildings and structures, utilities and services; materials and supplies used for administrative personnel and work crews, the operation of equipment and the maintenance of buildings and structures; and it relates to repairs, upkeep, small tools replacement and living quarters for administrative personnel and work crews.

Mr. Hamilton (York West): Is this money being spent completely for government-owned structures, or is it to reimburse any others?

Mr. Harris: This is for government structures.

Mr. Drew: Mr. Chairman, I should like to ask certain questions on this item, in view of the fact that this is an historic site, as well as a site of some importance in the north. I think the committee might well be told by the minister the considerations which have determined its move to the location which has been chosen. I know there are members in the house who have seen this location. It is a great, broad, and flat land there, and the suggestion might well be made that the site could be on the west as well as on the east. The fact is that if it were on the west there might be the possibility of a road to the mining developments of the area which seem to be very promising, and which are attracting attention to the west.

While the main means of communication will be by air and water, the fact remains that with the extent of the mineral deposits generally throughout that area this conceivably could be a very interesting development. We have seen other movements of this kind in the flat silt lands of other areas, and we certainly know that it is of the utmost importance to be sure that the site chosen is the proper one. Without elaborating further, I feel sure the minister is aware, as I am, of the difficulties which have arisen in connection with the removal of some of these old historic sites, difficulties experienced not only by the dominion government but by other governments as well.

If the minister could give an explanation I believe it would be helpful, because this obviously will involve the removal of an historic site which has been part of the history of this country for almost 200 years in one way or another, and there would be involved such things as the removal of cemeteries. It would be desirable that we be certain that the proper site is chosen when the change is made.

Mr. Harris: I am sure the Leader of the Opposition could advance good reasons for the choice that has been made, and perhaps good reasons for some other choice, because I am sure he is familiar with the area. It was for this reason, as a matter of fact, that we decided that the estimates of the Department of Northern Affairs and National Resources might properly be sent to the committee on estimates for consideration, where we expected this question might be canvassed at some length. I think the minister responsible is either covering it now, or is expecting to cover it, because there are items in his forthcoming estimates which would deal with this expenditure. While I would like to accommodate the Leader of the Opposition, I think perhaps the Minister of Northern Affairs and National Resources could make a better exposition of the reasons than I could at the moment. Probably he is doing so now in that committee.

Item agreed to.

DEPARTMENT OF TRANSPORT

Loans, investments and advances—

630. To extend the operation of the revolving fund authorized pursuant to subsection (2) of section 101 of the Financial Administration Act for the purpose of acquiring, managing, manufacturing, producing, processing or dealing in stores or materials, the amount to be charged to the revolving fund at any time not to exceed $5,000,000; additional amount required, $1,000,000.

Mr. Green: Would the minister explain this item?

Mr. Harris: This is an increase of $1 million in the revolving fund in the Department of Transport. I do not think I need go into detail as to the purpose and use of the revolving fund, because that was discussed at some length in the house when it was determined upon three or four years ago. However, with the increase in the activities of the department it is felt that the fund might be increased by $1 million to take care of additional sums needed, having in mind the experience we have had since the fund was set up.

Mr. Green: What is the total in the fund now?

Mr. Harris: The total is $4 million, and it is being increased to $5 million.

Item agreed to.

Loans, investments and advances—

Railway and steamship services—

631. To authorize, on such terms and subject to such conditions as the governor in council may approve, the delivery to Her Majesty by Canadian National (West Indies) Steamships, Limited, of 16,000 shares of capital stock of the company having a par value of $100 each in satisfaction of $1,600,000 of the loan made to the company under vote 764 of the Appropriation Act, No. 4, 1954, $1.

Mr. Nowlan: Would the minister give an explanation of this item? Obviously this is a refunding operation. It refers to a loan of $1,600,000 made under the Appropriation Act, No. 4, 1954. Was that to cover accumulated deficits, or was it for capital; and what is the capital position now, after the issue of the 16,000 shares? Are those additional shares which will be issued and, if so, what will be the capital?

Mr. Harris: As my hon. friend has said, this is an interest-free loan of $1,600,000 which falls due on June 30 next. The purpose is to take capital stock for that amount; and when that is done the situation will be that we shall have 16,400 shares at $100 each—$1,640,000—and we will have a fixed interest debt of $2 million to the government. I beg your pardon; I should have said that that is the change. The present situation is that there is capital stock of 400 shares at $100 each, $40,000, and a 25-year bond issue due to the government, or guaranteed by the government, for $9,400,000. So that at the moment the capitalization is $9,440,000, and in the future it will be $5,800,000.

Item agreed to.

Loans, investments and advances—

Air services—

632. To provide for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of those airports—further amount required, $1,000,000.

Mr. Pallett: How much of this is being allocated to each point?

Mr. Harris: This covers Vancouver to the extent of $311,000; Winnipeg, $231,000; Toronto, $759,000; and Montreal, $697,000, for a total of $2 million. That is the total estimate, including the main estimates and this supplementary item.

Mr. Pallett: Mr. Chairman, with respect to item 632, may I point out that the wording is rather unusual. It states that it is to provide for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying, and for future development of those airports. And it states that a further amount of $1 million is required.

In the main estimates of either last year or this year I have been unable to find an item in these exact words. I am wondering if this item arises out of a regulation filed by the Department of Transport and passed in April of 1953. This was filed without notice to the land owners. This regulation has the effect of limiting considerably the use of these lands, and gives very arbitrary powers to the minister.

The Aeronautics Act provides that claims shall be honoured only if action is brought within two years of date of filing. These regulations were filed in the registry office, so far as they affect Malton airport located in the counties of Peel and York, without notice being given to the land owners at the time. The situation has only recently been brought to their attention.

It would seem that some steps are now being taken to give them compensation. I suggest that the amount for the airport at Toronto is only $759,000, and that it is quite insufficient in view of the amount of land involved. I also suggest that since the regulations were filed without individual notices being given to the land owners involved, the procedure taken is improper.

In addition, lands were actually expropriated after notice of expropriation, and people were deprived of ownership some years ago. Up to now they have not been paid for those lands. I do not know where the blame lies, whether it is that of the administration of the Department of Transport, or whether it is because the estimates were not placed before the house in time for the money to be voted. I do know the explanation has been given to some of the people that the money was not available to pay them, and this has been offered as the reason for delay.

This supplementary estimate is put in to take care of the claims of the people who will be filing under this order in council of April, 1953, and is also to provide the moneys to be paid to the people whose lands have been expropriated. The amount is completely insufficient. It will not even come close to the amount that will be required. I would hate to think the government are so misinformed as to the value of land in that area, or that they have a deliberate plan under which evaluators will be able to go out and say, "We can reach a conclusion but we have not the money to pay for it". If the money is not sufficient I would suggest to the minister that the proper amount be put in, if that is what this estimate is meant to cover.

Mr. Harris: Mr. Chairman, just a brief word. I appreciate that my hon. friend is quite aware of the fact that $700,000, $800,000 or $1,000,000 will not meet the claims that are going to be made on this fund as these airports expand in the various cities I have mentioned. And I regret to say, in my official capacity, that I expect there will be larger claims than those we have had to deal with so far.

Mr. Hamilton (York West): The problem raised by the hon. member for Peel also affects my constituency. What method is used where they restrict the use of the land only? I think it is referred to in the order in council mentioned by the hon. member. Is there some method of evaluating the restriction, or providing compensation?

Mr. Harris: I am sure the Minister of Transport could describe the procedure better than I can, but I think the hon. member for York West knows that this is pretty well breaking new ground, and that we shall have to work out the principles as we go along. I am sure no one wants to do anything that would harm persons who own property around airports, except to the extent of carrying out the zoning rules and protecting the lives of people and property in so far as that can be done. But I am sure that, as I said before, this will grow on us and we shall have to work out the best way of dealing with the problem.

Mr. Hamilton (York West): I have one other question. I do not want to get too technical with the Minister of Finance in connection with air problems here, but in connection with the money that is being spent to enlarge these airports this problem was raised by one of the members on the government side. The hon. member for Vancouver-Burrard discussed it in connection with the Vancouver airport. Has any attention been paid to the more recent developments in aerodynamic design and the recent theories on boundary layer control in aircraft development? We may be on the threshold of developments which will make expropriation of properties of this kind entirely unnecessary because of aeroplanes being able to take off and land in much shorter space than is required at the present time. Has the department taken that into account in setting up a fund of $14 million for airport development extension, and also this supplementary estimate?

Mr. Harris: Yes, Mr. Chairman. I do hope we will not have to pay damage claims of this kind, if we can avoid it. If the development of aircraft will lead to that result I shall be very happy.

Mr. Pallett: I was interested to hear the minister say that the government does not

want to hurt anyone. I draw to his attention the fact that the regulation has very seriously hurt land owners around Malton airport, particularly since there is no provision in it for advances by the government on the payment of claims. There is no provision within the regulations themselves under which a proper negotiation can be made as to the payment of claims without the people concerned commencing an action. It seems to me that this is, to say the least, a little high-handed. It puts the owners of land to a much greater expense than they should be put to when their rights are arbitrarily taken from them. You are asking people who are by and large farmers to commence actions in the exchequer court to obtain payment of proper claims. They are put to all the extra legal expense involved. The government are exacting hardships which the minister says they do not wish to do.

Mr. Hamilton (York West): Perhaps the minister would give an undertaking to use the same type of evaluation around Malton airport that was used in Ottawa.

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

Hon. W. E. Harris (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Harris moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1955, the sum of $53,934,585 be granted out of the consolidated revenue fund of Canada.

Resolution reported, read the second time and concurred in.

Mr. Harris thereupon moved for leave to introduce Bill No. 305, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

WAR VETERANS ALLOWANCE ACT

AMENDMENTS TO INCREASE ALLOWANCES AND PERMISSIBLE INCOME, ETC.

The house resumed, from Monday, March 28, consideration in committee of Bill No. 164, to amend the War Veterans Allowance Act, 1952—Mr. Lapointe—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Definitions.*

Mr. Brooks: Mr. Chairman, when this bill was before the committee of the whole a few days ago I intimated that there were a few remarks I wished to make. As you know, the resolution preceding the bill was debated in the house three weeks ago, and there was also a debate on the motion for second reading. The bill was then sent to the veterans affairs committee which held a number of sittings, during which the principles of the bill were discussed. The bill is now back in the house with very little change as far as the committee is concerned. In fact we could not make any changes, but I believe there is an amendment which will be suggested by the minister.

It will be recalled that the bill provides for a 20 per cent increase in war veterans allowances, bringing the single veteran's allowance from $50 to $60 per month and the married veteran's allowance from $90 to $108. I may say that as far as the committee were concerned this bill might as well have never been sent there, because we were not able to make even any recommendations. However we did have the benefit of briefs presented by the different veterans' organizations such as the Canadian Legion, the national council of veterans' associations in Canada, and other organizations. As usual these briefs and representations were well prepared and quite logical, and I am sure these organizations deserve credit for the presentations they made.

As I have said in this house before, we find that when national veterans' organizations appear before our committee they never exaggerate. They state logically and clearly what they consider to be the requirements and needs of the veterans. As has been said many times in the house, the Canadian veteran has never tried to stampede the electorate or the elected members of the House of Commons into giving him more than he was entitled to. This cannot always be said of veterans in other countries.

We of the opposition were confirmed in the attitude we had taken with respect to Bill No. 164 before it was submitted to the committee. At that time we claimed that it did not go far enough. Along with the veterans we approved the increase from $50 to $60 a month for the single veteran. We all considered that was a step in the right direction, and the government was given approval for having recommended that increase. But the increase from $90 to $108 did not seem to us to be enough, and this also was the opinion of the veterans' organizations. But the chief point of disapproval as far as the

bill was concerned was in conection with the ceilings on permissive income. I should like to read from the brief presented on March 11, 1955, to the committee by the Candian Legion, in particular their comments on the ceilings on permissive income, as follows:

> Ceilings on permissive income—
>
> Recommendation—
>
> That the ceiling on total permissible income under W.V.A., be increased to $1,200 per year in the case of a single recipient and $2,000 per year in the case of those married.
>
> Comment—
>
> We must again reiterate that, even if this section of the act is amended as proposed in Bill 164, the act will still tend to defeat its own purpose. If the allowance is intended to assist the aged and needy veteran the low ceilings on permissive income prevent him from supplementing the allowance sufficiently to enjoy a reasonable standard of living.

The national council of veterans' associations in Canada also presented a brief. Both these organizations are nation-wide and represent hundreds of thousands of veterans of both wars. The recommendation made by this organization contained in the brief presented to the committee on March 14, 1955, was as follows:

> That the total annual allowable income including war veterans allowance permitted under the War Veterans Allowance Act be the amount set as statutory exemptions under the Income Tax Act, subject to supplementation of $200 in the case of the single man.

As we know, the exemptions under the Income Tax Act are $1,000 for a single person and $2,000 for a married person. This recommendation amounts to $1,200 for the single man and $2,000 for the married man, and is the same as the recommendation by the Canadian Legion. Their comment on this is as follows:

> We note with concern the means test limitations proposed by this bill for the single man is $840 per annum. This would permit only $120 per year or $10 per month through income from earnings or other sources. We consider that the means test for the single man should be at least set at the level of $1,200 which would permit $480 of supplementation.
>
> In the case of the married man who must maintain a home, however modest, we consider that it should be advanced proportionately and suggest again the statutory exemption in respect to income tax, namely $2,000.

There were other recommendations by other veterans' organizations, but these were the main representations in connection with the permissive income. The Legion stated in its brief that the act will still tend to defeat its own purpose. As we understood it, the purpose of the War Veterans Allowance Act was to help those who most needed help. I think it is a fair comment to say that the whole act and the whole veterans allowance regulations are weighted in favour of the veteran who is employable and who is able to obtain work. The veteran who needs it most, the veteran who is unemployable, is the one who receives the least consideration. I do not think that is the intention of the War Veterans Allowance Act.

I admit—and it was admitted a few minutes ago—that as far as the allowance is concerned, the single veteran has received fair treatment. As far as the employable veteran is concerned, we acknowledge and admit that he is in a fair position. I say that, Mr. Chairman, taking into consideration the fact that the regulations now permit of a broader—I might almost say generous—interpretation of casual earnings as far as the employable veteran is concerned. As I say, the employable veteran is in a fair position. But as far as these veterans are concerned—and they are mostly veterans of the first war—we must take into consideration that fact that they are old men.

The act was brought into force in 1930. It is 25 years since the War Veterans Allowance Act was first passed. Twenty-five years have been added to the age of these men, many of whom in those days were considered not able to fend for themselves. Hence when I say the position is fair, we must take into consideration first whether the veteran's age permits him to take advantage of casual labour. That is the first consideration. Then there is another "if", and it is a big one, namely if his health permits a man of 67 to do so. That is the average age today, and many are years older than that. Then there is a third "if", namely if there is employment. We have been discussing unemployment in the House of Commons for some days now. When there is much unemployment in the country the man who is least likely to get employment is the old veteran 65, 66 or 67 years of age. In many parts of the country, while he might consider himself to be employable, nevertheless employment is not there for him.

In the committee we tried to find out just how many veterans could take advantage of casual earnings. We have no information as to the number of men. We have information as to the number that take advantage of section 4, which allows a man to take his war veterans allowance by the month and then, when he can get work, to go off the war veterans allowance and take that work. But only some 1,100 out of over 40,000 war veterans were able to take advantage of this section 4.

That is a fact which indicates that there are very few war veterans today who can take advantage of the type of work permitted under section 4. I will venture to say that

the number who are able to take casual employment would turn out to be extremely disappointing to our hopes.

As I just stated, if the employable veteran can get employment, and if his health permits it, he is very well looked after. But this legislation does not help the unemployable veteran, the man who really needs the war veterans allowance more than any other veteran.

First, we have the man with a small pension, say of $25 a month. The ceiling is $70 a month. The war veterans allowance he would receive would not be $60 a month but would be only $45 a month, and the total income he would have would be $840 a year.

Then there is the veteran who has worked, has been thrifty and has been able to lay aside enough to purchase an annuity which brings him $20, $25 or $30 a month. He is in exactly the same position as the veteran with the disability pension. The ceiling for him is again $70 a month, and that man has to live on $840 a year.

Then again there is the veteran who has reached the age of 70. While every other man in Canada over the age of 70 years can take full advantage of the $40 monthly which the law allows him, as well as of whatever other income he has—whether it be $100, $1,000, $10,000 or more he can take full advantage of that income—the war veteran over 70 years of age is given the $40 old age security but his ceiling again is $70 a month and he is permitted to receive only $30 out of the $60 allowed him for war veterans allowance.

As to the unemployable veterans who are obliged to live on their very small pensions, who cannot go out and seek casual labour, I say this act discriminates against them to a great extent.

During the sittings of the committee there were some members who said—and it was echoed and bandied about from one to another of the government members—that the $70 is not a ceiling but a floor. There is a certain amount of truth in that contention with regard to the employable veteran, the man who least needs the war veterans allowance. But as far as the unemployable veteran is concerned it is indeed a ceiling which cannot be penetrated as far as his income is concerned. To me that argument sounded shallow indeed.

Taking all these things into consideration, Mr. Chairman, and after listening to the Legion and the other veterans' organizations, the opposition members of the committee—and I refer to the official opposition, which was supported by the other opposition members—felt that the unemployable veterans should be assisted. I might also say that in the Legion's brief, when they were recommending assistance, this statement was made:

> We would urgently request that this committee recommend to the government the immediate adoption of the following measures:

The measures I read here a few moments ago were the measures they recommended that the committee should recommend to the government; and we thought they should be recommended to the government. We realized that we as a committee had no authority to make variations in any section dealing with money matters, and that the only motion we could make was one requesting the government to consider some increase. The hon. member for Hastings-Frontenac, seconded by the hon. member for Vancouver-Quadra, moved the following motion in the committee:

> That the committee recommend that the government give consideration to introducing legislation during the present session of parliament which will provide that the maximum of total income, as set out in section 1 of schedule "A" to Bill 164, be increased to $1,200, and that in sections 2 and 3 of said schedule "A" the monthly rate be increased to $120 and the maximum total income be increased to $2,000.

The meaning of this motion is simply that we recommend a ceiling of $1,200 for the single man and $2,000 for the married man, and that instead of a 20 per cent increase in the allowance to $108 per month the increase should be to $120 a month for married men. That was the substance of the recommendation we made, and we thought it would receive favourable consideration in the committee. As I say, the matter was placed before the committee. All members of the official opposition and all members of the other opposition groups supported it. They supported what the Legion and other veterans' organizations that had made a definite study of the situation thought was necessary.

I almost hesitate to state some of the arguments used by hon. members on the government side regarding our recommendation. One was that if it went through it would defeat the bill, and I believe some of them actually persuaded themselves that it might. Another was that we must get the bill through before the 1st of April. They said they had made representations to the government, they knew we could not get any more, and therefore we must hurry this matter through the committee. We were told we must not ask for more. That was the main argument, and it was said that we might lose what we had.

There are other members here who were on previous committees and will recall, as I do, that that was not the attitude of the

committee in 1951 when it was considering increases in disability pensions. We had a bill presented to us at that time which provided for an increase of only 10 per cent. Every member of the committee was indignant that such a suggestion should be placed before a veterans affairs committee. They would not accept it. We told the government so. Resolutions were moved, the government were contacted and they offered an increase of 15 per cent. Again the veterans affairs committee said it was not enough, it was not fair, and the members of the committee demanded reconsideration. The matter was reconsidered and in the final result an increase of 25 per cent was provided instead of the 10 per cent that was first put before the committee.

We thought some such study would have been made by the committee this year. It may be—I do not know—that the amounts of $1,200 and $2,000 are too much. It may be that an allowance of $108 is enough, but no study was made. There is quite a difference between the total income of $720 now permitted a single veteran and the suggestion of $1,200. Some amount in between might have been more appropriate. It could be that $1,000 or $1,500 might have been considered proper, but the matter was never studied. We should have had some evidence.

So far as married veterans are concerned, it may be that the total annual income of $2,000, instead of the $1,440 provided by the bill, requested by the different organizations and by our resolution, was too much. The matter should at least have been studied. We were told, "This is the bill that has been put before you and there is to be no change; you will accept this and this only". That is the ultimatum that was handed to us as members of the veterans affairs committee.

It seemed to some of us that the committee had not been established for the purpose of finding out what was best for the veterans. I thought it was our purpose to study the bill and, if we did not consider it satisfactory, to make recommendations. But I found out that all we were to do was be rubber stamps and approve whatever was put before us. That is why I said at the beginning of my remarks that the veterans affairs committee might as well not have had any meetings at all. The committee held a number of meetings, but all it accomplished was simply to rubber stamp the bill that had been presented by the government.

I do not think it is necessary for me to prolong this argument. I think the house, people across Canada and particularly the veterans must consider that this is a matter of unfinished business. We waited for three and a half years for the war veterans allowance bill to be brought before the house to provide the increases which everybody knew were needed, but when we got it we found the amounts were practically the same as before. The allowances were raised 20 per cent, by $120 and $240 respectively. It would appear that we will have to wait another three or four years before these matters are properly adjusted. The war veterans allowance is the only means of livelihood for unemployable veterans without any other income, of whom there are thousands across the country.

When we considered the question of war veterans allowances in 1951 we had much more evidence placed before us on which to base a finding than we had this time. One of the chief yardsticks for determining what the amount of allowances should be was the cost of living at that time. According to the family spending schedule prepared by the Toronto welfare council at that time a veteran with 100 per cent disability and living alone needed $93.34 a month to provide a minimum basis of living. That is what the figure was in 1951, $93.34 for a single veteran. These figures were worked out scientifically by the Toronto welfare council. If $93.34 was needed in 1951, then just as much and more is needed today; but such a man is only to be allowed an income of $70 a month. For a veteran with a wife and no children the estimate worked out by the Toronto welfare council was $153.43, but we are only permitting him an income of $120 a month.

After waiting three years for the veterans affairs committee to be set up we now find that the business we felt we could and should have done has not been done and, as I said a moment ago, as far as the House of Commons is concerned it must certainly be regarded as being in the category of unfinished business.

Mr. Gillis: As one member of the committee, Mr. Chairman, I should like to see this bill go through the house as quickly as possible, but I am reasonably sure we are not going to get it through tonight. I have a few comments to make with respect to war veterans allowances.

The witnesses who appeared before the committee for the Canadian Legion and the national council of veterans in Canada in my judgment made one of the most reasonable presentations that has ever been made to any committee of which I have been a member. In fact their presentation was very temperate. In my opinion they did not ask for anything they could not have been given without any great strain on the treasury.

In my opinion this veterans affairs committee has lost its original function. The original function that it used to perform in years gone by was that when veterans legislation was referred to it, the committee had the privilege of opening up the old acts and relating them to the new forces. Back in the 1940's it was a committee that could initiate action and advise the Department of Veterans Affairs on veterans problems. It was a committee in which there was little political bickering. The members were unanimous in their efforts to get the best possible deal for the veterans. But in the last five years I have seen a complete change in the complexion of the committee. Today the government drafts a bill and decides upon policy. The committee has now deteriorated into the position of merely examining the legislation.

I feel sorry for the government members on the committee, because they are placed in the position of having the cabinet make a decision and then being told, "This is what you are going to get." It is put in the form of a bill. Opposition members are at least free to express their opinion and say the things that should be said about certain sections of the bill, but in the last five years government members have been placed in the position that they are not free to get up and argue and express their opinions without being charged with disloyalty to the party or to the government. I feel that the committee is not performing the function it was intended to perform when it was first inaugurated as a non-partisan committee. Then the committee had the right to examine legislation and make recommendations.

I recall occasions upon which the committee had the minister running back and forward to the cabinet day after day, week after week, getting a lot of beneficial changes made. I do not believe that, in so far as some special matters are concerned, the cabinet has all the brains. I do not believe the cabinet has the time to pay attention to different problems, to sit down and study them and decide what is reasonable. I feel this committee on veterans affairs should be a standing committee of the house. It could be called, under the chairmanship of the very capable parliamentary assistant, to take a look at legislation and decide what should be done. The committee's views could be obtained and taken to cabinet, where they could be looked at and some decision arrived at that would be reasonable. I think the committee are reasonable and fair if they are met half way.

I hope the cabinet will consider the advisability of making that committee a standing committee of the house. It is about one minute to six, Mr. Chairman, and there are a few more comments I should like to make, so I wonder if we could call it six o'clock.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow, Mr. Speaker, we shall continue this debate and hope we can complete it and give the bill third reading. Then we shall take legislation on the order paper in the name of the Minister of Northern Affairs and National Resources in the order in which it appears. Then we shall resume—I think it would meet with the approval of hon. members—the debate on the motion that Your Honour do leave the chair.

On Friday it would be our intention to begin with the debate on external affairs, and if that does not carry through the day we would take legislation which I shall indicate tomorrow night. On Monday it is the intention to introduce the resolution with respect to the revision of the Unemployment Insurance Act, and that may or may not take all of Monday. I would hope, however, that before we adjourn it may be possible to complete what I have indicated, particularly the motion that Your Honour do leave the chair.

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

[The following items were passed in committee of supply]:

DEPARTMENT OF PUBLIC WORKS

Architectural branch—

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amount required—

601. Ottawa, $1,732,666.

DEPARTMENT OF TRANSPORT

614. Canadian National Railways deficit, 1954—amount required to provide for the payment during the fiscal year 1954-55, to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport, made by the national company to the Minister of Finance, and to be applied by the national company in payment of the system deficit (certified by the auditors of the national company) arising in the calendar year 1954, subject to recovery therefrom of accountable advances made to the national company from the consolidated revenue fund, $28,758,098.

DEPARTMENT OF VETERANS AFFAIRS

621. Departmental administration—further amount required, $39,738.

War veterans allowances and other benefits—

622. War veterans allowances—further amount required, $921,500.

623. Assistance fund (war veterans allowances) —further amount required, $50,000.

Canadian pension commission—

624. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order P.C. 45/8848 of November 22, 1944, which shall be subject to the Pension Act; and including Newfoundland special awards—further amount required, $865,000.

Terminable services—

625. Rehabilitation benefits, including the training of certain pensioners under regulations approved by the governor in council—further amount required, $56,000.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

Loans, investments and advances—

Immigration branch—

626. To provide, subject to regulations of the treasury board, for working capital advances in the current and subsequent fiscal years to posts and employees on posting abroad, and to authorize the creation of a special account in the consolidated revenue fund to which shall be charged such advances and to which shall be credited expenditures made by and advances recovered from the said posts and employees, the excess of the amounts charged over the amounts credited to the account at any time not to exceed $230,000.

DEPARTMENT OF FISHERIES

Loans, investments and advances—

627. To provide for advances to the government of Nova Scotia (not to exceed $42,084) and to the government of Prince Edward Island (not to exceed $74,257) in accordance with the terms of agreements to be entered into, with the approval of the governor in council, by the government of Canada with each of the said governments; the advances to be seventy-five per cent of the loans made by each of the said governments for the purpose of replacing abnormal losses of equipment suffered by reason of severe weather conditions during the period February 1 to July 1, 1953, $116,341.

DEPARTMENT OF JUSTICE

Loans, investments and advances—

Office of the commissioner of penitentiaries—

628. To authorize the operation of a revolving fund in accordance with section 58 of the Financial Administration Act for the purposes of acquiring, managing and manufacturing materials used in industrial work done for: (a) government departments, and (b) penitentiaries including the office of the commissioner of penitentiaries; the amount to be charged to the revolving fund at any time not to exceed $300,000.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Loans, investments and advances—

629. To authorize the operating of a revolving fund in accordance with section 58 of the Financial Administration Act, for the purpose of financing the purchase of stores to be used in construction projects at the new Aklavik site; and to authorize the charging to the revolving fund of expenditures already made for this purpose from votes 324 and 695, Appropriation Act, No. 4, 1954; the amount to be charged to the revolving fund at any time not to exceed $500,000.

DEPARTMENT OF TRANSPORT

Loans, investments and advances—

630. To extend the operation of the revolving fund authorized pursuant to section (2) of section 101 of the Financial Administration Act for the purpose of acquiring, managing, manufacturing, producing, processing or dealing in stores or materials, the amount to be charged to the revolving fund at any time not to exceed $5,000,000; additional amount required, $1,000,000.

Loans, investments and advances—

Railway and steamship services—

631. To authorize, on such terms and subject to such conditions as the governor in council may approve, the delivery to Her Majesty by Canadian National (West Indies) Steamships, Limited, of 16,000 shares of capital stock of the company having a par value of $100 each in satisfaction of $1,600,000 of the loan made to the company under vote 764 of the Appropriation Act, No. 4, 1954, $1.

Loans, investments and advances—

Air services—

632. To provide for the acquisition of land required to control properties in the vicinity of main terminal airports in order to prevent the erection of hazards to flying and for future development of those airports—further amount required, $1,000,000.

HOUSE OF COMMONS

Thursday, March 31, 1955

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Government House,
Ottawa, 31st March, 1955.

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, the 31st March, at 9.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General
(Administrative).

PRIVILEGE

MR. DREW—REFERENCE TO PRESS REPORT OF REMARKS IN HOUSE

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, on a question of privilege, I feel it appropriate that I should deal with this matter in the House of Commons in view of the fact that a statement appears in the press today relating to something I said in the house the day before yesterday. It is stated that I indicated I believed there should be restrictions on the free exchange of views between nations. The statement refers to remarks I made expressing the hope that the Right Hon. Clement Attlee was not coming here under the auspices of a political party to engage in Canadian political affairs.

I can assure hon. members to the left, as well as other hon. members, that no one in Canada will join in a warmer welcome to the Right Hon. Clement Attlee any time he comes here as a distinguished citizen of Great Britain. He deserves our recognition of his great service during and since the war. But I pointed out at that time not that there should be any restriction on anyone expressing his views but rather that there is a tradition which has not been broken since confederation, that the head of the government and the leader of the opposition—always a possible occupant of the position of prime minister—should not engage in the political activities of other nations of the commonwealth because of the fact that as heads of governments they may be dealing with heads of other governments, and should be free from political entanglements.

I certainly did not criticize Mr. Attlee, nor did I criticize the C.C.F. party for extending the invitation. I expressed the hope that the report was incorrect, and I would still hope that the Right Hon. Clement Attlee, one of the most distinguished Britons of these days, would not break a tradition that goes back to confederation and which is based on extremely sound grounds for the reasons I have indicated.

Mr. M. J. Coldwell (Rosetown-Biggar): May I say to the Leader of the Opposition that I think it would be well to reserve any criticisms that he feels he should make until Mr. Attlee is in the country and we have had an opportunity to hear what he has to say.

DEFENCE PRODUCTION

STATEMENT RESPECTING PRODUCTION CUT AND LAY-OFFS AT A. V. ROE PLANT

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, following the questions asked in the house yesterday by the hon. member for Peel and the hon. member for York West regarding future lay-offs of workers at the Avro plant, and also questions put to me outside the house by the president of the Trades and Labour Congress of Canada, the Minister of Defence Production and I have agreed that this brief statement should be made in the house today.

As hon. members know, the Avro company has for some time been producing planes of the type known as the CF-100 to fill orders to meet the requirements of the Department of National Defence. Having regard to the number of these planes now required and on order, the company has found it necessary to put into effect a progressive cutback in the rate of production which will involve a reduction of the company's work force by approximately 1,000 men over the three-month period of May, June and July next. I am advised that the new production schedule which is planned will become effective after the annual holiday period in the plant in August. The company is engaged in

engineering and advance planning work on a new plane, but a considerable period of time must necessarily elapse before actual production of this plane can be expected.

When the representatives of the workers at Avro met with the Minister of Defence Production and myself early in the year they expressed criticism of the very short notice that had been given with regard to the lay-offs that had taken place just after Christmas. Because of this the delegation was informed that the Avro company would be given the necessary information to enable advance notice to be given to the workers with regard to any future lay-offs. That is why the present notices have been sent out as far in advance of the actual lay-off dates as possible.

The national employment service will obtain immediately full particulars of those who are to be laid off and their qualifications, and I can assure the house that every effort will be made by that service to assist them to find new employment.

[*Later:*]

CF-100 PLANES—USE BY NATO COUNTRIES

On the orders of the day:

Mr. John B. Hamilton (York West): I should like to direct a question to the Secretary of State for External Affairs arising out of an answer given by the Minister of Labour in connection with the employment situation at A. V. Roe. Does the cutback in A. V. Roe employment in connection with the production of the CF-100 indicate that the member countries of NATO—

Some hon. Members: Question.

Mr. Hamilton (York West): —are not interested in this plane for augmenting their air squadrons?

Hon. L. B. Pearson (Secretary of State for External Affairs): I was not able to catch the last part of the question. Perhaps my hon. friend would repeat it.

Mr. Hamilton (York West): If the minister's friends would be quiet for a minute, he would be able to hear it.

An hon. Member: It should be on the order paper, anyway.

Mr. Hamilton (York West): Does the cutback in the production of CF-100's at A. V. Roe indicate that the member nations of NATO are not interested in this plane for augmenting their air squadrons?

Mr. Pearson: I do not think that question needs to be answered by me, Mr. Speaker. It probably concerns the Minister of Defence Production, if anybody, but there is certainly no indication that any member of NATO is not interested in any piece of Canadian equipment which would aid in the collective defence.

[*Later:*]

Mr. Hamilton (York West): I should like to ask a question of the Minister of Defence Production. Has the minister any knowledge of any orders for CF-100 planes from any of the nations in NATO?

Right Hon. C. D. Howe (Minister of Defence Production): I know of no orders from any nation other than Canada.

PUBLIC BUILDINGS

R.C.M.P. HEADQUARTERS, OVERBROOK—TABLING OF RENTAL AND PURCHASE AGREEMENTS

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): In accordance with an undertaking given by the Minister of Finance yesterday I am tabling herewith photostatic copies of the rental agreement and subsequent purchase agreement in respect of the building occupied by the R.C.M.P. in Overbrook.

QUESTIONS

C.N.R., QUEBEC—TRAIN SERVICE AND STATIONS

Mr. Dufresne:

1. Has the Canadian National Railways decided to close the railway stations at St. Stanislas and St. Adelphe, in the county of Champlain, Ste. Elizabeth, in the county of Joliette, Ste. Perpetue, in the county of Kamouraska, St. Joseph du Lac, in the county of Nicolet, and Villemontel, in the county of Abitibi?

2. Has the Canadian National Railways decided to cancel the day train between Quebec city and Garneau, via St. Prosper?

3. If so, will steps be taken to protect the travelling public of the said localities?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

1. A decision has been made to close the agency and appoint a caretaker at Ste. Perpetue, county of Kamouraska, and application will be made to the board of transport commissioners for the necessary authority.

No decision has been taken in respect of the other agencies mentioned.

2. Canadian National Railways trains 697 and 698 operating between Quebec city and Garneau via St. Prosper have been cancelled, effective February 27, 1955.

3. There is frequent and adequate highway service in the area so that public convenience is protected.

PRINCE EDWARD ISLAND HOSPITAL GRANTS

Mr. Kickham:

What federal grants have been made to each of the hospitals in the province of Prince Edward Island?

Mr. Robertson:

Under the national health grants program, federal grants have been made to the following hospitals in Prince Edward Island:

(a) Under the hospital construction grant:

	Amount of grant
Western Memorial hospital, Alberton	$ 8,280.25
Charlottetown hospital, Charlottetown	88,139.67
Falconwood hospital, Charlottetown	133,790.00
Prince Edward Island hospital, Charlottetown	20,000.00
Kings County Memorial hospital, Montague	8,500.00
Prince County hospital, Summerside	188,554.65
Stewart Memorial health centre, Tyne valley	8,000.00
Charlottetown health centre, Charlottetown	5,996.27

(b) Under the other federal health grants:

	Expenditures 1948-55
Falconwood mental hospital, Charlottetown	$ 102,470.00
Provincial sanatorium, Charlottetown	105,450.00

KOREAN REHABILITATION

Mr. Johnson (Kindersley):

1. Is Canada supplying goods intended to aid in the rehabilitation of Korea?
2. If so, under what program or programs is such aid supplied?
3. What is the value of goods shipped for such purpose by calendar years since the beginning of the Korean war?
4. Is the government considering substantially increasing its economic assistance to aid in Korean rehabilitation?
5. Has the government any information with respect to Korean profiteers preventing the proper distribution of United States' aid intended to facilitate Korean rehabilitation?
6. Is the government aware of any such incidents involving Canadian aid?
7. If so, what steps has the government taken to ensure that any economic aid does, in fact, achieve its purpose?

Mr. Pearson:

1. Yes. The government of Canada has aided Korean relief and rehabilitation by making available financial assistance and gifts of codfish. A substantial part of the financial support has been spent on Canadian goods.

Questions

2. The financial assistance in 1 above was given to the United Nations Korean reconstruction agency which was established by the United Nations general assembly in 1950 in order to assist in the long-range rehabilitation of the Korean economy. The Canadian salted cod was donated to the United Nations emergency relief program which is carried out by the United Nations command and which provides immediate aid in the form of food, clothing, etc.

3. A Canadian cash contribution of $7,250,000 was made to UNKRA in March, 1951. The first contribution of salted cod, valued at $300,000, was made in the fall of 1953. A second contribution, valued at $450,000, was made in the spring of 1954.

4. The Canadian government has recommended that an additional cash contribution of $500,000 be made to UNKRA for its current financial year. This recommendation was approved by the House of Commons on March 25, 1955. No consideration is being given to further contributions at this time.

5. The Canadian government is not in a position to answer a question of this kind which concerns matters falling within the jurisdiction of the United States and Korean governments.

6. No.

7. —

EDUCATIONAL GRANTS

Mr. Balcom:

1. By provinces, how much has been paid to the institutions of higher learning under vote No. 119 in the 1954-55 estimates?
2. By provinces, what were the number of students deemed eligible for calculation in connection with vote No. 119 in the 1954-55 estimates?

Mr. Harris:

	(1) Payments to eligible institutions	(2) Number of eligible students
Newfoundland	$ 199,000	505
Prince Edw. Island	52,500	245
Nova Scotia	336,500	3,948
New Brunswick	273,500	2,231
Quebec	—	—
Ontario	2,523,000	17,896
Manitoba	414,000	4,171
Saskatchewan	439,000	2,694
Alberta	519,500	3,297
British Columbia	633,000	6,005

DEPARTMENT OF TRANSPORT AIRDROMES

Mr. MacLean:

1. How many airdromes operated by the Department of Transport employ ground-controlled approach (G.C.A.) equipment?

Inquiries of the Ministry

2. How many airdromes operated by the Department of Transport are equipped with high intensity lighting?

Mr. Langlois (Gaspe):

1. 4.

2. 6.

Note: The foregoing do not include airports which are municipally operated or military airports used by civil aviation.

BROADCASTING

INQUIRY AS TO APPOINTMENT OF INDEPENDENT REGULATORY BODY

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Prime Minister or the Minister of National Revenue whether the government intends to appoint a commission to consider bringing Canadian radio and television broadcasting under an independent regulatory tribunal or body, as recommended yesterday by the advisory council of the national Liberal federation, whose committee on resolutions was presided over by the Minister of Citizenship and Immigration (Mr. Pickersgill)?

Right Hon. L. S. St. Laurent (Prime Minister): I have not yet received the resolution.

[*Later:*]

On the orders of the day:

Mr. Fleming: May I ask the Minister of Citizenship and Immigration if he will be good enough to communicate to the Prime Minister the resolution to which I referred earlier, so we may ask the Prime Minister whether the commission will be appointed by the government as proposed by the national Liberal federation?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): I know of no competence I have in this matter.

Mr. Fulton: Or any other.

[*Later:*]

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I wonder if the Prime Minister would advise the house whether, having regard to the experience with radio, he considers an independent board desirable or necessary?

Mr. St. Laurent: My personal opinion is that it is not desirable nor necessary, but that is my personal opinion. As I recollect the terms of the Massey report there was a recommendation that after a period a further examination be made of the question, but I am still more impressed by the recommendations of the majority of that commission than by the minority report.

LABOUR CONDITIONS

BUREAU OF STATISTICS REPORTS—REFERENCE TO REPORTED REMARKS OF PRIME MINISTER

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Prime Minister. I wonder if, in view of the reports of what he said last night, he would regard the reports of the dominion bureau of statistics concerning the employment situation in the textile, electrical, footwear and other industries, as undermining public confidence?

Right Hon. L. S. St. Laurent (Prime Minister): I would hope not, Mr. Speaker.

NATIONAL DEFENCE

DEFENCE OF CANADIAN NORTH—REFERENCE TO REMARKS OF MINISTER OF NATIONAL DEFENCE

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): In the absence of the Minister of National Defence I should like to direct a question to the Prime Minister. In the light of the answer given yesterday to the hon. member for Kootenay West, can the Prime Minister tell me if it is now the intention of the government to have Iceland defend the northern frontiers of Canada, in view of reports appearing in the newspapers?

Right Hon. L. S. St. Laurent (Prime Minister): I have never heard the suggestion and I am sure, from the relations I have had with the government of Iceland, that they will make no such suggestion to us.

HEALTH INSURANCE

INQUIRY AS TO INTRODUCTION BY GOVERNMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare? In view of the resolution passed yesterday by the advisory council of the national Liberal federation, will the government proceed soon with the introduction of national health insurance?

Hon. Paul Martin (Minister of National Health and Welfare): I am not quite as busy as the Prime Minister, and on that account I have had a chance to see this resolution. My hon. friend asked me the same question last

year, and my reply then was that this government and the actions of the national Liberal federation are always consistent.

Mr. Knowles: Will that still be the reply 36 years from now?

NATURAL GAS

REQUEST FOR CONSTRUCTION OF PIPE LINE TO SERVE WINNIPEG

On the orders of the day:

Mr. O. C. Trainor (Winnipeg South): I should like to direct a question to the Minister of Trade and Commerce. In view of the adequate supply of natural gas in Alberta, and in view of the willingness of private interests to construct a pipe line to Winnipeg, how long is he going to deny the citizens of Winnipeg the use of natural gas?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The hon. member has based his question on information that is not in my possession. I am afraid I cannot answer his question.

REQUEST FOR STATEMENT ON PRESENT POSITION

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. In view of the very great and natural interest shown throughout the whole of Canada, and particularly in western Canada, in regard to prospects for the transmission of gas from the Alberta fields, may I ask if it is the intention of the minister before he leaves for Australia to give a statement to this house in regard to the present situation, informing us what are the facts, in the light of certain statements that have already been issued by one of the companies primarily concerned, and others?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am hardly in a position to make a statement of that kind. Trans-Canada Pipe Lines are still carrying on with their project. They have negotiations under way in several quarters. I had an interview a day or two ago with some of the directors, and they gave me certain information which I would not feel free to pass along at this stage. However, I can assure hon. members that as soon as there is a positive statement to be made I shall be very glad to make it. But to report on negotiations now in progress would be hardly fair to the directors of Trans-Canada Pipe Lines.

Inquiries of the Ministry

TRADE

GATT—INQUIRY AS TO PRINTING OF AGREEMENTS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Trade and Commerce what arrangements are being made for the printing of copies of the documents he tabled in the house on Monday pertaining to the trade agreements reached at Geneva, so hon. members may have copies for study as soon as possible.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I shall have to accept that question as notice. It is my impression arrangements have been made for printing the documents, but I would have to check with my office to make sure.

CANSO CAUSEWAY

ANNOUNCEMENT OF DATE OF OPENING CEREMONIES

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Mr. Speaker, on Monday the hon. member for Inverness-Richmond (Mr. MacEachen) asked whether a date had been selected for the official opening of the Canso causeway. I should now like to inform him and other hon. members that, upon the recommendation of a committee consisting of representatives of the government of Nova Scotia, the Canadian National Railways and my department, August 13 has been definitely set for the opening ceremonies.

It was considered that the formal opening of the causeway would be a fitting climax to the tourist season in Nova Scotia, and if held on that date would not interfere with other events such as the gathering of the clans of Pugwash, the highland games at Antigonish, the Gaelic Mod at St. Anns and the Acadian bicentenary at Grand Pré and Annapolis Royal.

It is our intention to allow highway traffic to use the causeway as soon as the swing bridge over the canal has been completed and the other work has reached a stage where this traffic will not interfere unduly with construction activities.

TAXATION

ELIGIBILITY OF WELFARE ORGANIZATIONS FOR SALES TAX REFUNDS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask a question of the Minister of Finance? Has he received requests that all social welfare organizations

be made eligible for sales tax refunds, and if so is he giving consideration to such requests?

Hon. W. E. Harris (Minister of Finance): I think this request has been made at least in each of the last seven years to the Minister of Finance.

Mr. Knowles: Is the minister giving consideration to the matter between now and Tuesday night?

WAR VETERANS ALLOWANCE ACT

AMENDMENTS TO INCREASE ALLOWANCES AND PERMISSIBLE INCOME, ETC.

The house resumed, from Wednesday, March 30, consideration in committee of Bill No. 164, to amend the War Veterans Allowance Act, 1952—Mr. Lapointe—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Definitions.*

Mr. Gillis: Mr. Chairman, when the house adjourned last evening at six o'clock I was making some observations on clause 1 of this bill. I was a member of the committee, and I realize it is the desire of most members of the house to have this bill passed so it may receive royal assent, and so the increased rates may appear in the cheques of recipients of war veterans allowance for the month of April.

May I repeat what I said last night, that in my view the veterans affairs committee should be made a standing committee of the house.

The Chairman: Order.

Mr. Gillis: Am I making too much noise, Mr. Chairman? Perhaps I am disturbing some other discussions. I was saying that the veterans affairs committee should be made a standing committee of the house which could give continuing study to veterans problems as they change from time to time. This will be a continuing question, because we are going to have veterans with us for a long time.

I think the Canadian Legion and the national council of veterans at this session of parliament made perhaps one of the most reasonable presentations ever made in the history of the committee. In my view everything they recommended could have been accepted and included in the bill without increasing the cost of war veterans allowances to any great extent; and I shall try to prove that as I go along.

Both the Legion and the national council recommended $60 per month as a maximum for single veterans and $120 as a maximum for married veterans. The bill now before us accepts the suggestion of $60 a month for the single veterans, as suggested in the briefs of both organizations, but it does not meet the request for $120 for the married veterans. Under the bill before us the basic maximum for married veterans is $108 per month, but provision is made whereby that $108 can be brought up to $120, through the aid of the assistance fund.

However, to receive a grant under the assistance fund it is necessary to make a second application, and it involves a second means test and investigation before the assistance can be obtained. In my judgment it would have been much cheaper and the mechanics of administration would have been definitely better if the demand of the Legion that the rate be increased to $120 per month for married veterans had been met. I believe this would have prevented many applications for assistance from the fund, and would have obviated the necessity for a lot of administrative work, red tape and investigation. There would not have been many applications for assistance to help those in need, after payment of the $120.

However, those who drafted the bill have not seen fit to follow this suggestion. I realize that anything we may say at this time will not affect the bill. I have in mind, however, that this is a continuing problem, and that if hon. members who sat on the committee and had the opportunity of meeting the officials and listening to statistics express their opinions at this time and have them recorded in *Hansard* so they may be read on the next occasion upon which this matter is given consideration by the government, those who are considering the matter at such time would have the benefit of those views. I am assuming, of course, that the views expressed will be reasonable and fair. I do not have in mind any wild propaganda statements. It is my desire at this time to try to put the thing in its proper perspective, as I see it, in relation to the representations made by the veterans organizations before the committee. On that particular point the basic rate is set at $120 a month. Having regard to the over-all picture you would spend less money than you are spending now, you would prevent a lot of hardship and require much less paper and administrative work and investigation if the other angle were cleared up.

The second point that was made by both organizations, and I have made it a good many times in the house in the past, has to do with the manner in which the means test for war veterans allowance affects many people across the country who were employed in industry, in the civil service or in other

organizations. They came under superannuation schemes, contributory schemes in industry, and in that way had built up small retiring allowances for themselves that were paid over the years. When they reached the age of 65 and retired, hundreds of them—I know of many in my own part of the country who were employed in the steel and coal industry—received pensions of from $20 a month to a maximum of $70 a month. Very few of them receive $70. The average would be around $40 a month.

Many of these men are veterans. They paid for the pension or retiring allowance they are receiving from industry. By virtue of their age and their service they are qualified to come under the War Veterans Allowance Act. When they make application for war veterans allowance they find that the small retiring allowance they paid for over the years is deducted from the war veterans allowance, and in many instances they cannot obtain it at all.

What the act is doing in this regard is discouraging thrift. I have talked to many veterans during the past 10 years who have told me that they have pulled out of the contributory scheme in their companies, because they would get only so much out of it. They told me they were spending money on it, and if they pulled out of it and did not spend that money, when they reached 60 or 65 years of age they would be eligible for the maximum war veterans allowance. They questioned why they should continue to put their money into the other scheme.

It is very easy to cure that problem. It would not cost the country any money. If the ceiling on permissible income were raised, the man who is receiving a small retiring allowance of $30, $40, or $50 a month, which he has paid for himself, could get both without costing the government anything at all. That should be considered.

The other point about supplementing the war veterans allowance is very good in many respects. I refer now to casual earnings, income permitted under the War Veterans Allowance Act, without interfering with the maximum paid under the act. That is very good and very generous with respect to the veteran who is in condition to take employment. But there are many sections of the country in which the casual earning provision is completely valueless. It is particularly true in my section of the country where there is nothing but heavy industry, coal mining and heavy steel work. There is no possible chance for a veteran who is physically incapacitated, either by age or in some other way, to take employment and obtain casual earnings, because there is no work in that area.

I imagine that is equally true in Hamilton, Windsor and in any section where there is heavy industry. It is all right in Ottawa where a man can get a job as an elevator operator, or in Toronto where a man can go out to the race tracks and earn a certain amount of money. A veteran can be an individual real estate operator so long as he is not working for a company. He can earn money in that way so long as he is working for himself. But in many other sections of the country casual earnings do nothing for the man at all. In these sections the casual earnings are not costing the government anything at all because they are not applicable. The only way you can give relief to recipients of the allowance is by raising the maximum payable under the act. I think $120 is a reasonable target to shoot at.

Another point the Legion and the national council of veterans made, which I think is valid, was that the ceiling on permissive income should be raised to compare favourably with the income tax exemption levels. In addition to the maximum payable under the act, the veteran should be permitted to earn other income, and that would include small pensions and superannuation payments, to an amount equivalent to the income tax level, namely $2,000.

Those organizations asked that the same principle be made applicable to the single veteran, up to $1,200 a year. Their argument on that point was valid also. They pointed out that a married couple are permitted a deduction of $2,000 for income tax purposes. There may be a young veteran who is physically handicapped and who has small children. He is in exactly the same position as the person who gets a $2,000 exemption for income tax purposes. Today his maximum under the act, in regard to permissive earnings, is $1,440 a year. The argument put up by both veterans organizations is valid. We should make the ceiling for permissive income under the act as close to the income tax exemption levels as possible, because the government has already set up that principle in the income tax exemptions.

Another point they made, and I think it is worthy of consideration, was that the allowance for minor children of recipients of the war veterans allowance should compare with the allowance now paid to disability pensioners under the Canadian Pension Act. I do not think there should be two classes of citizens, when it comes to payments for children, in the same department of government. That should be straightened out. There should be equality, at least in so far as the children are concerned, in the matter of allowances. The child of a recipient of war veterans allowance

and the child of a disability pensioner require exactly the same things. They have to go to school; they require the same clothes; they should have the same nourishment. It is something the government should take a look at, and they should try to wipe out the inequality as soon as possible.

The Legion made another recommendation that I have asked for in the house a good many times without very much effect. It has to do with the veterans who served in world war I and got only as far as England. When we amended the act to make veterans who served in England in world war II eligible for war veterans allowance we should have included veterans of the first great war. I say that for this reason. You meet many veterans across the country who got only as far as England in the first war. England was not considered a theatre of war at that time. Today those men are pretty well worn out; they are broken down, physically incapacitated, and they point out that this is rank discrimination so far as they are concerned. Here is a young veteran who comes back and qualifies by virtue of a physical incapacity. He may be 35 years of age, while I am 65 years of age. We both may have served in the same theatre of war. I cannot understand this differentiation between the first and the second world wars as to what is considered a theatre of war. England was considered to be a theatre of war in the last war, but not in the first war. They say that situation should be cleaned up, and I believe it should. I do not think it would cost a great deal of money.

I would point out that hundreds of thousands of men who served in England during the first war did so because they were ordered to do so. They were in the service to go where they were sent. They performed the duties allocated to them by their officers. Many were technicians, cooks or clerks. When the pay office was set up in London men were kept there. Many vehicle shops were set up and mechanics, machinists and men of that type were kept in England by order of the services. It was not their desire to stay. I know of many in my own unit who were kept there because they had specialized training. Many of them are dead, but some are still living and they think it is rank discrimination to refuse them the benefits of legislation which is applicable to the veteran who served in England during the last war.

I suggest to the parliamentary assistant that when he is going over the legislation for the next parliamentary committee he might sit down and look over this *Hansard* just to provoke his thought. I have no doubt as to where the parliamentary assistant stands on these matters. I believe that he, along with every member of this house who is a veteran and is free to express his thoughts, thinks exactly the same on these matters as does the veteran who is affected. I know that when the parliamentary assistant takes a look at these matters he will give a hint to those who have the right to make the financial decisions.

Another outstanding grievance has to do with the widows of imperial veterans. It would not cost much money to correct this matter. I use the term "imperial veteran's widow" advisedly because in the presentation to the committee they used the term "allied veteran's widow". I think the term "allied veteran's widow" as applied to the last war would be pretty broad and would take in some strange countries. I believe the wording should be boiled down to "imperial veteran's widow" because in the years gone by when I was doing a lot of talking about this in the Legion it was the imperial veteran's widow we referred to. We were making our demand that the imperial or commonwealth veteran's widow be taken care of.

At the present time if a widow meets the residence qualification and her husband has passed away before completing 20 years' residence in Canada, she is not entitled to the allowance. You may find one widow living next door to another. The one is receiving an allowance because her husband had completed 20 years' residence in the country, while the other receives no allowance because her husband died four days before completing 20 years' residence. It would not cost a lot of money to correct this. Instead of having the qualification that the husband must complete 20 years' residence in the country we should swing it around and say that if the widow completes 20 years' residence in the country she will qualify. That is the only change that is necessary.

I want to leave just one or two more thoughts with the parliamentary assistant. That completed the representations in connection with the war veterans allowance, but the national council of veterans made one or two recommendations to which I think attention should be drawn. These referred to the Pension Act as such.

The first was that consideration should be given to sections 1 to 11 of the act, which have to do with disability pensioners who may require treatment in a departmental hospital for some disability not related to their pensionable disability. Under the provisions of the act they are obliged to pay for their hospitalization, though at a reduced

rate. They object to having to pay at all, and I agree with them. I suggest that someone should take a look at this.

The second point they made in relation to the Pension Act was in reference to pensioners who go into hospital. Under the act it is the practice to deduct from their pensions $15 per month, and this has particular application to the pensioner in the higher brackets. I do not need to tell hon. members the physical condition of a 100 per cent pensioner. Many of them are blind, while others have lost both legs. When such a man goes into hospital, while he receives treatment he finds his income, which may consist solely of his 100 per cent pension, reduced by $15 per month.

On the other hand when a man with a smaller pension goes into hospital he is immediately placed on a 100 per cent pension and in some cases his income while in hospital will be increased by 15, 20 or 50 per cent. The pensioner in the lower brackets does not suffer under that arrangement because he is compensated for the $15 a month which he loses by the increase in his pension rate brought about by being hospitalized. As I say, the man who is 100 per cent disabled finds his income reduced by $15 a month while in hospital.

I am not going to make any hard-boiled or firm recommendation on this, because I think there are many angles that require consideration. I would suggest that the next time the interdepartmental committee are taking a look at prospective veterans legislation they consider all these problems so that in the foreseeable future we may be able to finally tie up this act and say that we have done a good job, that we have reached the saturation point. I think there comes a time when you do reach that point, but before we tie it up finally with a little bow of red ribbon the matters I have been discussing this afternoon should receive attention and be ironed out.

I am sorry I have taken up so much time. I think the committee this year was as good as we ever had, but I feel it was a bit restricted because of the terms of reference. I figured that at times it got into a kind of political shemozzle instead of carrying on as a non-political committee such as it used to be. My final remarks would be to strongly recommend that this committee be made a standing committee of the House of Commons so that when legislation is being contemplated by the government in future the committee could be called together and could sit down and study the legislation and send it back to the government before they decided finally on a bill which might be considered irrevocable.

Mr. Hahn: Mr. Chairman, the consideration of Bill No. 164 by the veterans committee was most enlightening to me, as it was the first time I acted as a member of that committee. I am glad the government has seen fit to introduce this legislation to give further assistance under the war veterans allowance. I was particularly pleased because I had a resolution on the order paper asking that this be done.

In the committee we heard representations from the Canadian Legion, the national council of veterans and the Canadian non-pensioned veterans' widows. I found that those briefs were presented in a most amiable, genial and concise fashion. I would like to congratulate the people who presented the briefs on behalf of those organizations. The departmental officials themselves did not hesitate to give us the answers we asked for, though they were not always the answers for which we hoped. However, they too deserve credit for the frank way in which they responded to our questions.

I was somewhat disappointed in the committee because I had heard so much about the non-partisan way in which it is habitually conducted. I was somewhat taken aback when I found how a particular party voted on a certain portion of the bill. I would very much like to see the committee get back to its original non-partisan nature, and become a committee which recommends legislation that receives the consideration of the government by reason of the fact that it completely expresses the views of the veterans.

I spoke earlier when this legislation was at the resolution stage, and at that time I indicated that I was unhappy with the proposed ceiling levels. The committee did nothing in respect to the representations that were made by the Canadian Legion and the national council, which bodies suggested the ceilings should be higher than those provided in the bill. I find fault with that because it does not take care of certain veterans who are disabled, or who have been thrifty and who stand to lose considerably when this legislation comes into effect. I was very unhappy to see the Liberals as a group vote against the proposed ceilings. Possibly some of the supporters of the government felt as we did, that the proposals we made, despite the terms of reference, should have been included in the recommendations we brought before the house.

There was considerable urgency in respect to the passing of the bill. It was suggested it would come into effect on the first of the month, and therefore it would be effective on the 1st of April. In order to do that it would have to be passed by both chambers, which

made it necessary to have our views expressed in this chamber as quickly as possible. This appears to be the first opportunity to have been made available, with the result that according to the terms of the bill it probably will not come into effect until the 1st of May.

I abhor such an action, though possibly there were reasons for it. I would suggest that the minister make it retroactive to the beginning of this month in order that the veterans will not suffer as a result of this delay. I hope we can pass it today so that if at all possible it can obtain royal assent this afternoon. In any event, I suggest it should be made retroactive.

The bill leaves an undesirable situation in the case of small disability pensioners. It also penalizes the thrifty veterans who have saved during their lifetime or who have a small superannuation, a small annuity or income from some small investment. The small disability pensioners suffer the most because the bill does not make it possible for them to obtain more than the ceiling allowed under its terms.

By way of comparison, the single veterans who are in a position to obtain casual earnings are granted war veterans allowance of $60 a month. These veterans are permitted casual earnings up to $50 a month and they may have other income of $10 a month if they can prove the need, which gives them a total permissible income of $1,440 a year. The small disability pensioners, on the other hand, are allowed a disability pension of $50 a month. Because the ceiling is set at $840 the maximum war veterans allowance would be $20 a month. They are penalized to the extent that they are permitted a total maximum allowable income of only $840 a year.

Married veterans are permitted casual earnings up to $50 a month and other income of $12 a month, and obtain $108 a month under war veterans allowance. The maximum casual earnings would then be $600 a year. They would have a maximum war veterans allowance of $1,296 a year and at the rate of $12 a month they would have a permissible income of $144, which would give a total income of $2,040 if the veteran were able to obtain casual earnings to that extent.

A married veteran on a small disability pension may receive $50 a month in casual earnings which would give him a total of $600 a year. Because his total permissible income is $1,440 his maximum war veterans allowance would be only $840. This group of veterans are penalized because their total permissible income is $1,440, whereas other veterans who can obtain casual earnings have a permissible income of $2,040 a year.

The only way to overcome that condition, I would say, is to make it possible to have these ceilings set at $2,000 for the married veteran and $1,200 for the single veteran, as was suggested in the Legion brief. I realize that the small disability pensioner receives $50 in disability pension, but he has no way of obtaining additional earnings. Therefore he must do with $1,440 a year what another veteran who is capable of finding and accepting employment can do with his $2,040 a year. What it actually amounts to is that the single veteran who is eligible for casual earnings and can find a job he is capable of doing is not getting too much, but certainly the man on a small disability pension is getting too little. I earnestly suggest that consideration should be given to that factor. As the hon. member for Cape Breton South said, possibly we should keep that in mind for future legislation, although I would have liked to see it included in the legislation now before us.

Other recommendations were made. I do not intend to deal with each one of them, as did the hon. member for Cape Breton South, in order to indicate my approval or disapproval. As I indicated earlier, the whole brief was well presented and I did not think the veterans were making many unreasonable requests. There may have been one or two things on which I could not quite see eye to eye with them, but in the main their proposals and requests were quite reasonable.

I strongly urge the government to consider the recommendation in respect of widows of imperial war veterans as a matter of some urgency. Some of these veterans who came here 20-odd years ago are no longer living, and their widows do not receive an allowance. I do not see any possible reason for that. If their husbands had lived they would receive the allowance, but because they passed away before the 20-year period had elapsed their widows do not receive any allowance. I urge the government to give serious consideration to this matter and see that it is rectified in the very near future.

I also suggest that there should be a permanent committee on veterans affairs. In my opinion a standing committee on veterans affairs is most important. It is apparent that we will have the veterans with us for a long time, and I do not agree with the practice of setting up a special committee at certain times. Last year the committee was not established until the latter part of the session, and I see no excuse for that. If there were no business for the committee to

consider then it would not have to meet, but there should be such a standing committee.

Another matter has been drawn to my attention that I cannot recall seeing in any of the briefs. It has to do with the burial of former recipients of war veterans allowance. The department now buries only veterans whose estates have a value of $1,000 or less. The department pays $175 toward a casket and $30 to open and close a grave, but no provision is made in these cases for a plot. In the city of Vancouver, Mountain View cemetery charges $95 for a plot and the money is payable in advance. I am thinking more particularly at this time of a widow whose husband was on war veterans allowance and who passed away just a few days ago in Shaughnessy hospital. She finds herself in a very awkward position. She gets $175 toward the expense of a casket and $30 to open and close the grave, but she does not get the $95 with which to buy a plot, and the money for the plot must be paid in advance.

The act is quite stringent. Apparently no allowance is made for a plot. It is a most unfortunate thing that, although we look after the optical needs, care of the teeth and so on of the veteran while he is alive, no allowance is made for a small plot when he dies so that he can be properly placed at rest. In this case the widow did have certain assets of the value of $280, but they are not immediately realizable. The point of the matter is that she falls within the group of those who have estates left to them of a value of less than $1,000.

If, on the other hand, this man had died at home the Last Post fund would have taken care of all the expenses, including the price of the plot. It was her misfortune that her good husband should pass away in the hospital instead of at home. If he had not done so she would not have had any worry. I can understand how upset she would be to receive notice that there is no place for her husband in the veterans' section of the burial ground.

Mr. MacDougall: Mr. Chairman, I am not going to speak at any length on Bill No. 164. I can go pretty well all the way with the hon. member for Cape Breton South in most of the things he said. I can also go an additional mile starting from scratch with respect to what the hon. member for New Westminster said, but in neither case do they share the great responsibility for this measure that rests upon the government. Sometimes I think it must be a marvellous thing to sit in the seats of the opposition. It may be one of the spots where I shall sit, but until that day arrives I shall be on the government benches.

The situation respecting the objections of the opposition is of course quite clear. They have no responsibility for securing the money. We on that side and this rump side of the house have that responsibility, and we owe it to the people from whom we collect taxes to see that their money is spent in a manner that is at least equitable so far as the general over-all expenditures of the Department of Veterans Affairs are concerned.

I recall, and so will other veterans in the house who were overseas in the first world war, that there were a number of Canadians who did not leave the United Kingdom. As the hon. member for Cape Breton South said, some of them were so ordered, but I think it is also fair to say that some of them were not so ordered.

When we heard evidence in the veterans affairs committee one of the presentations was that of the national council of war veterans, which is composed of five or six different types of men and women who served in various branches of the service and in all probability comprise some 50 per cent of the total membership of the Canadian Legion. They are entirely in disagreement with the Canadian Legion respecting those who served in the United Kingdom in the first world war. They stated when they gave evidence before the committee that at this time they were not prepared to advocate that the veterans of world war I, who served only in the United Kingdom, should come under the influence, if you care to put it that way, of the recipients of war veterans allowance.

As to that I have no fight with the Legion or with the national council of war veterans. But I do say, Mr. Chairman, to all returned men, whether of the last war or of the first war, that there is a great deal of disagreement with respect to this very point. It would seem desirable if and when we consider that question again that there be greater unification of thought either for or against the government introducing that particular legislation.

Certainly I am in agreement with the suggestion that we should have a permanent veterans affairs committee. I can see nothing inimicable in it at all. As the hon. member for New Westminster has said, it now appears as though we are going to have veterans with us for a considerable length of time. I hope that is true.

Mr. Herridge: So do I.

Mr. MacDougall: I hope that is true because the day it ceases to be true I shall not have a voice in this parliament.

When the veterans affairs committee met three years ago I was astounded to learn for

the first time that a 100 per cent pensioner had to pay a certain amount to the hospital while he was hospitalized. I do not know that we can hang too many skeletons on that, because it seems to me that the quintessence of all legislation respecting war veterans is that we are really more concerned about the "have-not" character who has served than we are or ought to be about the one who has a high pension. I have no fight whatever with that, except to say that it does seem a bit discriminatory that the man who served and received disabilities sufficient to put him into the highest disability category should be penalized that additional $15 a month when he is hospitalized.

Then again, you could come back if you wished to the real basis of our veterans charter and find there is possibly room for argument on both sides. I think our greatest concern, either as veterans or non-veterans, either as members of this house or non-members, is in assisting the "have-nots" above anyone else. I would not wish particularly to line up on either side of the argument at the moment, but I was surprised to learn that that condition did exist. I did not know it existed until I was a member of the veterans affairs committee three years ago. If anyone wished to do so that could be interpreted as discriminatory legislation.

Before I resume my seat there is one thing I should like to draw to the attention of the committee and the minister. I want to restate a condition which I think needs clarification, and it has nothing to do specifically with the individual pensioner at all, either the disability pensioner or the war veterans allowance recipient. I believe most hon. members are aware of the fact that in Vancouver we have one of the larger military hospitals in Canada, Shaughnessy military hospital. Two or three years ago the superintendent of that hospital sent a recommendation to the Department of Veterans Affairs that the number of personnel in the dispensary of that great institution be increased. Now, by and large the patients who come in from the various parts of the province require medicine, pills, powders and what have you. Many of these patients are hundreds of miles away from Shaughnessy, so they write in to have such and such a prescription number filled. In this dispensing department we have an extremely well trained dispenser who has graduate pharmacists under him. But with this constant influx of mail order prescriptions the time of the chief dispenser is completely utilized in filling them. This results in restricted service from the dispensing department. As I said, the superintendent, a very outstanding man—

[Mr. MacDougall.]

The Chairman: Order. I am sorry to interrupt the hon. member but I am afraid we are getting far afield. This may be partly my own fault, in that I allowed the hon. member for Cape Breton South to speak about treatment. However, I would be obliged to hon. members if they would confine their remarks to the bill which is before us. I feel that we are now a little far afield.

Mr. MacDougall: This matter was brought up when we were discussing the bill in the veterans affairs committee and none of us were called to order. If it is your request that I say nothing more about it, I shall abide by it. My remarks were related to the improvement of facilities for those who are receiving treatment as veterans under the Department of Veterans Affairs.

The Chairman: Order. I recall that the hon. member for Cape Breton South prefaced his remarks by saying that the subjects to which he was referring had been mentioned in the committee, and I was hoping he was going to relate his remarks to the bill. I am afraid that certain matters which may have been referred to in the committee should not be referred to here, because we are dealing with the bill itself.

Mr. MacDougall: I shall bow to your authority, gladly and willingly. I shall, therefore, bring my remarks to a rapid conclusion.

The bill, by and large, as it comes before the house from the committee, not only in my opinion but in the opinion of a great number of the recipients of war veterans allowance in British Columbia, is a much better bill than a lot of them had suspected they would get. It is generally recognized that in British Columbia we have 28 to 30 per cent of the total recipients of war veterans allowance in Canada.

As a representative from British Columbia I am sure the large part of the population of that province who are recipients of war veterans allowances will be pleased with this bill in its present form. When I say this I am not suggesting that the bill contains everything that one might expect to find ultimately in legislation which may come up later. But, as of this moment, I am quite sure the bill will receive the hearty endorsation of war veterans in Canada generally, and particularly those in British Columbia, and that it will be recognized as a great advance over what we had last year and in preceding years.

Mr. White (Hastings-Frontenac): Mr. Chairman, I wish to speak only briefly, and to concur in the remarks of the hon. member for Royal and other hon. members of the opposition groups who have spoken. The hon. member who has just taken his seat has

said the responsibility is that of the government, but I do not altogether agree with him. The fact is that the great majority of members who have served on veterans affairs committees have been veterans who have actually seen war service, men who understood and appreciated the debt Canada owes to the veterans, particularly those of world war I.

It is true that the government must find the money to meet any increase in the allowances. I do feel, however, that the citizens of Canada will never object to any grant or allowance or pension paid by the country to Canadians who served so well in two world wars. The hon. member who just took his seat also referred to what appears in the brief with reference to service in England in world war I. I was not exactly clear as to what he said, but I would point out that at page 8 of the Legion's brief they make this recommendation:

> That veterans of world war I who saw service in England only be granted war veterans allowance.

That is certainly plain enough. It is clear from this recommendation that the Legion wishes to have those veterans who served only in England made eligible for the allowance. The comment in the brief is as follows:

> The veterans of world war II who served in England only are eligible for war veterans allowance, and many who served in the same theatre during world war I suffered equal if not greater hardship.

It has been pointed out by other speakers, and I am sure the parliamentary assistant and the government will realize, that the number of veterans of world war I who would receive this allowance would be very small indeed at this date, and that each year the number is decreasing. I would hope the parliamentary assistant and members of the government would give earnest consideration to including these veterans in the bill.

Many hon. members have made reference to the brief presented by the Legion, and have commented at some length on the moderate and reasonable nature of the recommendations made therein. Of the briefs I have heard presented by the Legion to various committees I think that presented this year was not only one of the shortest, but the requests made therein were the most modest. It is difficult for any hon. member, particularly one who has seen service in a theatre of war, to say that the minimum asked by the Legion of $60 for a single man and $120 for a married man, as well as a ceiling of $1,200 for a single and $2,000 for a married man, is either excessive or unreasonable. They have pointed out the amount of the deductions allowed under the Income Tax Act. They have also pointed out that the recipient of a war veterans allowance is one of the few citizens in Canada who is discriminated against in the matter of the old age pension. Hon. members know that when a war veteran reaches the age of 70 he will receive the pension of $40, and that at such time his war veterans allowance cheques are decreased accordingly.

Speaking briefly when the bill was before the house previously I pointed out that one of my reasons for believing the ceiling should be increased was that it would encourage the veteran to earn as much as possible, so he would not have continuously hanging over his head this threat, if it may be so described, of having his allowance decreased in the event of going over the ceiling. The parliamentary assistant may make reference to casual earnings. It must be realized, however, that because of the areas in which they reside, the opportunities of many veterans to earn casual earnings are very limited indeed.

I was disappointed when the bill was before the committee to find that there was no opportunity to make any change in its terms. In committee I moved this amendment:

> That the committee recommend that the government give consideration to introducing legislation during the present session of parliament which will have the effect of providing for amendments to this bill that will substitute $1,200 for $849 in section 1, column 3 of schedule A, and $120 for $108 in sections 2 and 3 of column 2 in schedule A, and $2,000 for $1,440 in sections 2 and 3, column 3 of schedule A.

My amendment was in line with the recommendations made by the Canadian Legion, and it had the support of all opposition members on the committee. As it turned out, the motion was defeated; and it was pointed out to me that if I insisted upon the amendment it might have the effect of killing Bill No. 164, so that the veterans would lose the benefits contained therein. If that was correct then it seems to me there was little purpose in having the committee, and very little to be gained by having the Legion or other veterans organizations appearing before it to make recommendations.

I would hope that at some time in the future amendments would be adopted to bring the legislation in line with the recommendations made by the Legion. I would point out, however, that the War Veterans Allowance Act is not amended every year, or every two years, and I fear that we might have to wait a very long time before amendments could be brought in whereby the allowances would be increased and the ceilings raised.

The bill provides that, if it receives royal assent today, the measure will take effect tomorrow, April 1. As this winter has been exceptionally severe, because of the cold weather and the great amount of snow; because heavier expenditures for fuel, clothing and food have been necessary, and because jobs for war veterans allowance recipients have been very much restricted, I suggest to the parliamentary assistant that this is one occasion when the government should consent to having the bill made retroactive to January 1, 1955. If that were done I am sure it would have the hearty support not only of all hon. members but of all citizens of Canada. There have been other occasions in this house when benefits have been conferred in income tax legislation, in the budget and in various other ways. They have been made retroactive to the first of the year. I would most earnestly recommend to the parliamentary assistant, even at this late date, that when we come to the last clause of the bill he move an amendment providing that the act come into force and have effect as from January 1, 1955.

Mr. Herridge: I am going to make only a few brief comments on this bill, because I know a number of hon. members wish to speak this afternoon and perhaps this evening. All hon. members want to see the bill receive royal assent today. I must first of all say that I support the opinions expressed by the hon. member for Royal, the hon. member for Cape Breton South and other hon. members who have spoken on the government's failure to accept the proposals of the Canadian Legion and the national council of veterans. The special parliamentary committee on veterans affairs has had the opportunity to study and discuss this bill, and also to obtain some very valuable and important information from the officials of the department. The deputy minister of the department, the chairman of the war veterans allowance board, the director general of rehabilitation services and others gave to the committee some very valuable information, which can only really be obtained satisfactorily in committee as the result of questioning. The committee heard representations from the Canadian Legion, the national council of veterans and the non-pensioned veterans' widows organization. With regard to the non-pensioned veterans' widows, I was particularly interested to note that our new parliamentary assistant has made a special study of widows' problems. That was evident in the proceedings of the committee, and his promptness in answering all questions that arose with respect to the needs of widows and their problems.

These ladies come before the committee whenever it is established and make their representations. I think hon. members will recognize the fact that, because of their broad experience and association, they have brought matters to the attention of the committee which might not have been brought to its notice if they had not formed themselves into an organization and come to Ottawa to make those representations. I notice that when one of the representatives of this organization was giving evidence before the committee she said that she would love it—that was the term she used—if the parliamentary assistant would visit their organization and explain the act and the regulations whenever required.

In view of the special study the parliamentary assistant has made of this problem —and I might say it is apparent that this is another evolution in the development of the department and its specialized activities which I think is most necessary—I am writing to the persons connected with these organizations of widows receiving war veterans allowances and advising them to write the parliamentary assistant and send to him their problems; to come to Ottawa, if necessary, and when they come to Ottawa to see him. If they are unable to come to Ottawa I tell them to be certain to write and ask him to attend their meetings and explain the act and regulations to them. I am quite confident, Mr. Chairman, that our parliamentary assistant will be only too willing at all times to give these ladies the benefit of his extensive knowledge, understanding and appreciation.

We of this group regret very much that the government has not seen fit to accept in full the proposals of the Canadian Legion and the national council of veterans. I think it is quite fair to say that they are gratified with the improvements in the act and the benefits this bill will bring. In that respect the editor of *The Legionary* set it out very clearly in the last issue. He said:

> While grateful for the improvements contained in the bill,—

And we are all grateful for these improvements.

> —the Canadian Legion will be presenting a brief to the parliamentary committee in which the above points will be emphasized.

He is referring to an increase to $120 for married veterans and an increase in the permissive income. The article continues:

> It can only be hoped that the committee, always composed of members of parliament who are ex-servicemen themselves, will be able to influence the government to go the whole way in its sympathetic treatment of these old veterans.

The committee was not able to persuade a majority of its members to recommend to the government amendments in line with the hopes of the Canadian Legion and the national council of veterans. While it is to be regretted that the government has not seen fit to raise the married veterans' income to $120 a month, yet one of the most unfortunate things about the present bill is the failure to raise the permissive income as suggested by the veterans organizations.

That occasions particular hardship to three groups of veterans in receipt of war veterans allowance. The first group consists of those who have no other income and are unable to earn. They are sadly in need of an increase in the allowance, particularly the married veterans. The second group consists of veterans receiving a small disability pension without the ability to earn casual earnings. The third group consists of those who have a small regular income, such as an annuity or an industrial pension, or something of that sort, and who are also unable to earn.

These three groups suffer severely from the fact that the government has not agreed to raise the allowance for married veterans to $120, and to raise the ceiling on permissive income. When the minister was speaking some time ago, at the resolution stage, or when the bill was introduced, he referred to the cost to the country of meeting the proposals of the veterans organizations in full. It is quite right that he should think the cost should be considered. All hon. members recognize that we have a responsibility to Canada as a whole, to all the citizens of Canada. I do not think any one of us should act irresponsibly in that respect. We have to consider the cost of this legislation to the people of Canada as a whole.

In view of the cost of meeting the proposals of the veterans organizations we are fully warranted in accepting our responsibility to the veterans concerned, in introducing legislation which will meet the proposals of those organizations. In this connection, we have been spending in recent years an average of $2 billion on defence. According to this year's estimates the cost of defence will be reduced by about $133 million. When the minister spoke he informed the house that to give effect to the proposals of the Canadian Legion and the national council of veterans would cost the country an additional $24,750,000. That is only about one-fifth of what we are saving on national defence this year. Surely when we have the opportunity to save $133 million this year on national defence we would be acting in a responsible manner if we took $24,750,000 of that saving and applied it to meet the needs of the veterans who have fought for this country.

The minister informs us that to give effect to the proposals contained in this bill will cost about $9·5 million. In addition to the fact that we would be able to meet the representations of the veterans organizations with only a fraction of the saving on defence, in the opinion of members of this group this type of legislation simply represents a redistribution of wealth which is most necessary in Canada at this time if we are going to maintain prosperity and improve our social democracy. The putting into effect of this legislation would introduce into the purchasing power stream about $800,000 a month. That would be of considerable assistance throughout the whole country. As I say, we look upon this type of legislation as a form of transfer payment, as providing an opportunity to transfer wealth from those who have it to those who do not, in order that they may have some opportunity to maintain a satisfactory standard of living.

According to newspaper reports and rumour in general, which sometimes has some foundation, when the budget is introduced it will provide for some reduction in corporation taxes. I want to say to the parliamentary assistant that if that proves to be true, if the government of this country which has been able to save $133 million this year on national defence should reduce corporation taxes—any reduction would run into quite a number of millions—without granting the veterans the legislation proposed by their organizations, then it will have demonstrated that it is willing to give more consideration to the representations of large corporations in Canada than to those of veterans organizations with respect to legislation necessary for the veterans of this country.

However, I am always somewhat of an optimist. The committee has not presented its final report, and I do hope that as a result of the discussion in the committee and the bombardment from the opposition side of the chamber during the discussion of this bill it will recommend to the government a further consideration of the proposals of the Canadian Legion and the national council of veterans so that in the near future we may have an opportunity of discussing legislation which will be satisfactory to all hon. members of this house, which will be approved by the veterans organizations and which will meet the needs of veterans across this country who require our urgent consideration at this time.

Mr. Patterson: Mr. Chairman, realizing the desirability of completing the discussion of

this bill as quickly as possible, I do not propose to take very long. However there are several observations I want to make in connection with this legislation. It is my privilege to represent all the residents of the Fraser Valley constituency, among whom will be found a great many war veterans. I think I would be remiss in my duty if I allowed this opportunity to pass without expressing to the department and the government their appreciation for the measures which have been brought forward to improve the conditions of those receiving war veterans allowances.

Having voiced that appreciation I should like to say that the general reaction to the minister's announcement with respect to war veterans allowances has been just what was expected. In the first place there has been appreciation, but coupled with that there has been an expression of disappointment and resentment over the fact that the government has not seen fit to go all the way in meeting the requests of the various veterans organizations.

Speaking during the debate on the throne speech I referred to the proposed legislation and stated that anything less than full compliance with the Legion brief would not be satisfactory to the Legion branches. At this time I should like to refer to a number of communications which I have received in this connection. I shall give their source only, except that I shall read two brief telegrams.

I have received telegrams from T. W. Krell, president of the Maple Ridge branch No. 88, Canadian Legion, at Haney, B.C. There is another telegram from C. E. Gummerson, secretary of the Chilliwack branch 4, Canadian Legion. There is one from D. MacLennan, secretary of the British Columbia command, Canadian Legion; one from B. W. Harris, Fraser valley zone commander, Canadian Legion, and finally one from Mr. C. J. Inkman, president of the Agassiz branch, Canadian Legion. As I have said already I shall read only two of these. The first one from D. MacLennan, provincial secretary of the British Columbia command, reads:

> The Canadian Legion in British Columbia considers proposed increases in war veterans allowance rates and permissible income inadequate and therefore requests your earnest support in committee and on the floor of the house for what we consider minimum adequate increases as requested in brief presented by our dominion council.

The other telegram I wish to read is from B. W. Harris, Fraser Valley zone commander of the Canadian Legion. This reads:

> Two thousand members of Canadian Legion in Fraser valley zone deplore limited increase of war veterans allowance and demand the government implement the Legion brief in its entirety. Your full support in this vital matter respectfully requested. We are tired of accepting the fragments.

[Mr. Patterson.]

I believe it was the hon. member for Vancouver-Burrard who stated that those in the Legion generally felt that they had received more than they anticipated. According to these telegrams that would hardly seem to be so, because they voice their dissatisfaction most definitely and clearly. We had hoped that some of the remaining inadequacies in the veterans legislation would be dealt with by committee recommendation, but there have been no appreciable changes.

There are two or three matters I should like to mention, only briefly, because they have been referred to already by other speakers. A clarification of the casual earnings provision is most important, and further publicity should be given to this provision. There are many members of the Legion and a great many veterans who are not cognizant of the privileges they are entitled to under this particular clause. Therefore I think as much publicity as possible should be given to this provision.

On looking over this legislation it would seem to me that the neglected group is the one made up of war veterans allowance recipients who are without the means of supplementing their income. They are those who are physically unable to accept work to supplement their income even under the casual earnings clause. Therefore we find that this particular group are having a difficult time making ends meet, and certainly they are not receiving sufficient income to live in any degree of comfort whatsoever.

The other group in this same category, of course, are those who are unable to secure suitable employment. There are quite a number of veterans in this class referred to in the various briefs which were presented and in the replies to questions given by the witnesses. Surely some way can be found to give additional assistance to these veterans.

I might just say that one of the matters which has been drawn to my attention is the fact that in British Columbia some former enemies are receiving more under the old age pension that is received by veterans under war veterans allowances. This does not contribute to the happiness of veterans who served in theatres of war. I believe some further consideration should be given to this particular matter.

The second recommendation in the brief presented by Mr. A. J. Wickens, president of the Army, Navy and Air Force Veterans in Canada, which has been called to our attention this afternoon, reads as follows:

> That the practice of deducting $15 per month from the allowance payable to a disability pensioner, when he goes into a Department of Veterans Affairs hospital for treatment of a disability which has occurred as a result of active service, be eliminated.

I trust that this matter will be taken under advisement and that close attention will be given to it as soon as possible.

I had the opportunity of discussing veterans affairs with representatives of veterans groups in the Fraser valley just a short time before I came down to this session, and there were several matters which they brought to my attention. One of these is the situation in which the veterans of the first world war find themselves, those who did not serve in theatres of war, so classed, but who served only in England. I was not previously aware of the fact that during the first world war Canadian troops were bombed in England and suffered casualties. There does not appear to be any justifiable reason for excluding such veterans from the benefits of the war veterans allowance.

The question of the standing committee has again been referred to this afternoon, and the Legion groups in my area are very desirous that this matter be given consideration and that a committee be set up. There are other subjects to which I could refer, but they are outside the terms of this bill so we must leave them for a future occasion. However, we do appeal to the government and to the department to fill in some of the gaps which still remain in the veterans legislation, and remedy some of the remaining inadequacies so that assistance will be given to the veterans in all cases adequate for their needs and commensurate with the feelings of a grateful nation.

Mr. Henderson: As a veteran and a member of the veterans affairs committee I would like to say a few complimentary words about this bill and also about those who are responsible for the administration of veterans affairs in this country.

I might say in the first place we should be extremely proud of the veterans of Canada. We as Canadians were proud of them as soldiers and are still proud of them as veterans, and we cannot measure in dollars and cents the gratitude and assistance which should be given to unfortunate veterans in need.

I agree with the hon. member for Kootenay West that on behalf of the people of Canada we still have to consider the cost; but I would like to congratulate this department upon the advances they have made in this bill in keeping abreast with the needs of our veterans. It is very easy to say "too little and too late"; nevertheless I think great progress has been made in this committee, and I would not want any impression left that the committee members were working against each other. As a member of the veterans affairs committee since I have been in this house I have always found that veterans from all parties strive toward a common end, and that is to the benefit of the veterans. It brings a great feeling of satisfaction to belong to a group of veterans in Canada who endeavour to play their part and give assistance to the other veterans. I think it has been a good committee composed of good people.

We in Canada have advanced veterans legislation when we compare it to veterans legislation in various countries throughout the world. I think this can be attributed to all governments since world war I, and to the fact that we have been fortunate in having the very best men serve as ministers of veterans affairs. We were most fortunate in the predecessor to the present minister, and I congratulate the present minister and his parliamentary assistant on the work they have done in bringing about this present bill.

In closing I would like to say these few words. Since I have been a member of parliament I have always found those in the Department of Veterans Affairs anxious to do everything they could to assist the veterans and endeavour to ensure that they received their just rights. All I can say in conclusion is that I hope they keep up this good work.

Mr. Lennard: Mr. Chairman, as one who has been interested and active in veterans affairs since 1919, and who has served on various veterans affairs committees in this house since 1935, with the exception of the last two committees, I feel obliged to take up the time of the house for a few moments this afternoon.

In connection with this bill I must say that I am thoroughly in accord with what has been said by the hon. member for Royal, the hon. member for Hastings-Frontenac and the other members of the opposition who have spoken. In that connection I suspect that those who have spoken and probably all members of this house have received many letters and communications relating to these matters, but they have refrained from taking up the time of the house to put them on the record.

In the matter of veterans affairs generally I have always felt the policy of this government has been one of delayed action. Over the years the government has appointed veterans affairs committees, possibly one every two or three years, and occasionally the appointment of the committee would coincide with a meeting of the British Empire Service League in Canada. The government have always rushed things through because they had to have them finalized before the national meeting, and there was a great

hullabaloo raised at these meetings that we had done so much for the veterans; but as far as the veterans of the first great war are concerned I do think they are receiving too little too late. In that connection may I say that the pattern on this occasion is the same. This measure was brought into the house a couple of weeks ago, rushed to the veterans affairs committee, came back to the house just yesterday, and is being discussed now on the last day of the fiscal year. We are told now that if it does not pass and receive royal assent today the benefits will be delayed. That has always been the case with respect to veterans affairs since I have been a member of the House of Commons. I am not critical of some of the legislation that has been brought forward but I do feel that it has been the practice of the government not to do anything until the last minute so that they may save a dollar some place. I have always regretted that. Finally, may I repeat that the veterans of the first great war are getting too little too late.

Mr. Green: Mr. Chairman, the bill to amend the War Veterans Allowance Act has come back to the house from the special committee on veterans affairs with only one minor amendment, an amendment which was suggested by the departmental solicitor and which does not bring any direct benefit to the veterans at all. In so far as any amendments which would go further than the original bill to meet the request of the veterans organizations are concerned, there simply is no such animal. Today we are discussing in effect the bill in the same form as it was when it went to the committee.

The reason why there is no amendment is that the solid Liberal phalanx in the committee stood behind the government and refused to have any amendment made. They voted down any suggestion that the government should even give consideration to further changes to help the veterans. In this committee, as distinct from the last two veterans affairs committees, there has not even been a recommendation brought forward to the house that consideration should be given by the government to something better.

I think the hon. member for Vancouver-Burrard put his finger on one of the reasons for this attitude of government members in the committee when he said this afternoon that on the government side they have a great responsibility so far as legislation is concerned. He should have said they have a great responsibility to the Liberal party. That has been the basis on which the veterans affairs committee of the present session of parliament has functioned. It seems to be the thought among government members on the committee that they have done their duty by the veterans of Canada if they have protested quietly, secretly, and anywhere else but in the house or in the committee, to the Minister of Veterans Affairs or his parliamentary assistant. Of course that strikes at the very roots of parliamentary government. The place for them to protest is right here on the floor of the house. If they are not satisfied with the legislation brought down and feel it should be improved, their protest should be made on the floor of the house and not to a minister behind some closed door. As long as that is the only type of protesting done by government members about these veterans bills, the veterans of Canada are never likely to see the legislation passed to which they are so justly entitled.

The objectionable features about this measure still remain. They are that the allowance to the married veteran remains at $108 per month instead of having been raised to $120, that the permissive income for a single veteran, over and above the allowance, is still only $10 a month, what it was before the bill was introduced, and that the permissive income of a married veteran is only $12 a month, just $2 more than it was before the amending bill was introduced.

As hon. members know, recommendations were made by two thoroughly responsible and statesmanlike bodies of veterans. I refer to the Canadian Legion and the national council. They recommended that married veterans should be paid an allowance of $120 per month, that the permissive income over the allowance should be $40 in the case of the single veteran, which would have enabled him to receive $100 per month in all, and that the permissive income of the married veteran should be raised so that he could receive a total of $2,000 per year.

I was surprised to hear the hon. member for Vancouver-Burrard say this afternoon that his and my province of British Columbia, which has the largest percentage of war veterans allowance recipients of any province in Canada, would give hearty endorsation to the amendments as set out in the bill. I do not know where he got that idea because I have a wire here from Mount Pleasant branch No. 177 of the Legion in his own riding. It reads as follows:

> The Mount Pleasant branch 177 Canadian Legion has ordered a night letter to be sent to you asking for your continued support on behalf of the recipients of war veterans allowance as presented by the Canadian Legion dominion command convention. The Vancouver zone council has set up a committee for the purpose of dealing with this matter and to arouse public opinion and support for this cause. The Legion request as

outlined is reasonable and should receive the full support of the members of parliament on the government side of the house.

It has not had support from one member on the government side of the house. The wire continues:

We the members of the Legion are sure the other members of parliament will support the Legion program.

They are right in that, because all opposition parties have supported the Legion program. Then I had a wire from the provincial secretary of the whole British Columbia and northwest states command which reads as follows:

The Canadian Legion in British Columbia considers proposed increases in war veterans allowance rates and permissible income inadequate and therefore requests your earnest support in committee and on the floor of the house for what we consider minimum adequate increases as requested in brief presented by our dominion council.

That command went further. They advertised in all the daily papers of British Columbia. I have here the advertisement taken from the Vancouver *Province* of March 15. It reads:

Canadian Legion

British Columbia and N.W. States Command

We strongly protest the federal government's proposed increase to War Veterans Allowance Act as being inadequate. We consider our request, originally made three years ago, as the minimum which will be acceptable to improve the lot of our veterans.

Below they published the telegram, a copy of which I have read. I endorse the recommendations made by the Legion and the national council and I propose to say a few words in support of those recommendations. First of all, I will deal with the recommendation that the allowance for a married veteran should be increased to $120 a month. As I pointed out, the bill only increases it to $108. This question was dealt with in the committee, and dealt with very adequately by Major A. J. Wickens, an outstanding veteran of Canada, who is the president of the Army, Navy and Air Force Veterans in Canada. He had this to say about this recommendation, and it is found at page 28 of the proceedings of the committee:

I do feel, as our brief says, that it costs a war veterans allowance recipient just as much to maintain a wife as it does to maintain himself, and we feel that a wife of one of these veterans is entitled to live at the same standard as her husband is, and we do not feel that because a man has taken unto himself a wife, as he is entitled to, that he should either require the wife to live at two-thirds of the standard he is authorized to live at, or that he should average his income out, and thus reduce his own standard. I do not think there is much more which can be said about that. It is fairly evident that the cost of maintaining a war veterans allowance recipient's wife should at least be fixed at an equal level. If that is accepted the total for a married couple would be $120 a month, and if any gentleman in this room can show me how my wife and I can live in decency and moderate comfort on that sum, I would be very grateful to him for dealing with the question, because that information would be invaluable.

The war veterans allowance, as it was contained in the veterans charter, originally did provide a married veteran should have twice as much as a single veteran. This percentage has been changed only in recent years.

Then, I turn to the question of permissive income over the allowance or, in other words, the ceiling on the money a recipient can receive. The provision under this bill is for $10 per month for a single man and $12 for a married man. Everything that was heard in the committee clearly pointed to the crying need for an increase in the ceiling. This was the one way in which the need of this group of veterans could have been met adequately.

Let us consider, for example, a veteran or widow who has reached 70 years of age. One would think, and I do not doubt that most Canadians think, when a war veterans allowance recipient reaches 70 years of age, he or she automatically gets an additional $40 per month, just as all other Canadians do. Well, that is not the case. Instead, every veteran who happens to be a small pensioner or on a superannuation or to have a small income obtained from some other source up to $10 per month, if he is single, or $12 per month if he is married, will get nothing additional whatever when he reaches 70 years of age. If he has not any other such outside income, then he can only benefit to the extent of $10 per month if he is single or $12 per month if he is married when he reaches 70 years of age.

The national council dealt with this very clearly in their brief, and I quote from page 3, recommendation No. 3:

That the recipients of war veterans allowance, upon qualifying for old age security, should receive the old age security, without reductions in the W.V.A., except in so far as the total income exceeds the total allowable income under the W.V.A. Act.

As recommended by them, it would have been $1,200 a year for a single veteran and $2,000 a year for a married veteran.

The comment contained in the brief on this recommendation reads as follows:

Increasing age is generally attended by gradual reducing possibilities of supplementing allowance through casual earning. Therefore, the aging recipient of war veterans allowance who may have been able through his efforts to supplement and enjoy a few comforts will under the proposed provisions of this act be reduced to the subsistence level of the war veterans allowance recipient who has never been able to supplement.

The individual who has never been able to supplement has undoubtedly suffered hardships to which he may have become more or less reconciled. The individual who is forced to reduce his living standard by reason of age and more completely disabling physical capacities, experiences discouragement amounting to tragedy. It would seem only humane to permit the W.V.A. recipient to enjoy the old age security allowance, coupled with sufficient war veterans allowance to the total of permissible income from all sources.

I point out that there is a source from which this additional $40 can come, and that is from the old age security fund. The old age security payment is not supposed to be a handout at all. Government supporters have taken the position, and spoken on platforms all over the country, to the effect that the old age security is something towards which we contribute. In other words, the people have paid for it and are entitled to it as of right. The veteran has paid for it too. He has paid the 2 per cent sales tax just the same as you and I have paid it. He may have paid a 2 per cent income tax, and he is entitled to the benefits of the 2 per cent corporation tax which is devoted to building up this old age security fund. This is not the case of a handout. This old age security fund is contributory and the veteran should be entitled to get the full $40 per month when he reaches the age of 70.

Really, the question of the man over 70 or the widow over 70 is the real basis for this whole problem. The average age today of all recipients is between 65 and 70. It will only be a matter of a few years until practically everybody now on war veterans allowance is over 70 years of age, and that applies to both veterans and widows. I refer hon. members to table 3 on page 76 of the proceedings of the committee. This table shows the age groups of the recipients of war veterans allowances. There were 44,794 veterans and widows getting war veterans allowance at the end of 1954. Of that number, 11,836 veterans and 3,706 widows were 70 years of age and over. This group totalled 15,542, which is over one-third of the total number drawing allowances at the present time. Then, in the next group from 65 to 70, many of whom will be 70 in the next year, there was another 11,521. Within five years, therefore, you will have well over half of the war veterans allowance recipients over the age of 70.

Those who have reached that age cannot benefit from the war veterans allowance assistance fund because they would get a small amount of the old age security if they did not have any other income. We are told there are only 193 who are 70 years of age or over, and who are able to come under what is called section 4 which enables a veteran to take a job for a period of say two months or six months. Practically none of them have been able to qualify under that section. I am sure there are just a handful who are able to get casual earnings in this group over 70 years of age. These people can only be given fair treatment by raising the ceiling, and they should be allowed to get the additional $40 per month.

Another group to consider is the small pensioners, people on small pensions, and some of the ex-employees of the Canadian National Railways who are on small superannuation payments, or civil servants in a similar position—and I am referring to both veterans and widows. Some of these are over 70 years, and the remarks I have made apply to them.

But, taking those under 70 years, here again is a source from which money could come. They are on pension or on superannuation. They cannot benefit from the war veterans allowance assistance fund, because they have these small pensions or small superannuation. They are trapped by the low ceilings. In the case of a pensioner, it really means that that pensioner is penalized for his wound. He is penalized because he was wounded. And in the case of a man who has been thrifty and has put by some savings, no doubt he is penalized by reason of his thrift—and all because the ceiling on permissive income is too low.

According to the figures given to us in the committee there were 28,612 veterans and widows under 70, including the small pensioners or those who happened to have superannuation. Out of that 28,612 there were 20,648 who had no accountable income—no income whatsoever. One might think that they could benefit from the assistance fund up to the extent of the ceiling, which in the case of a single veteran is $10, and in the case of a married veteran $12. But the regulations with regard to the assistance fund are pretty strict. First of all, there must be a second means test. The veteran or the widow of a veteran must be grilled about his or her assets, and all that sort of thing, and go through this second means test.

The regulation dated October 6, 1954, P.C. 1954-1538, states in paragraph No. 7:

A recipient under the War Veterans Allowance Act, 1952, whose income is less than that shown in column III of schedule A or B to that act, as the case may be, may be granted on application assistance by the district committee to the maximum allowed by the provisions of the act relating to income—

That is, he could be granted up to the ceiling of permissive income.

Provided—

And here is what does the damage.

Provided that, in the opinion of the district committee, such recipient requires financial assistance to relieve distress.

And the result, as it is shown in the table appearing at page 77, is that there are only 3,757 veterans and 1,531 widows, or a total of 5,288 out of the 20,648 who have no other income, who have been able to qualify for the war veterans allowance assistance fund.

The department says: Well, that is because they did not apply. In other words, the implication is that 15,000 of these veterans and widows did not apply for assistance under the war veterans allowance assistance fund. In this same table however we find how much was paid to them in a period of ten months last year. There was a total of $393,533.71, and that works out at $74.42 each for that ten-month period or $7.44 a month. So that they were not getting even the $10 allowed under the act.

If the ceiling on permissive income were increased, then more of these veterans and widows could benefit from the assistance fund, and those who are on the fund could benefit more than they do at the present time. But the whole story is that the ceiling is too low. Everyone who served on the committee knows this to be the fact. I do not believe there is a member in the house who will rise in this debate and say he believes the ceiling on permissive income is not too low. We were given a good example of this by Mr. A. E. Lanning of the Canadian Corps Association when, at page 34 of the evidence before the committee he said:

The means test is another thing with which we are concerned. Not long ago, on Bay street, I heard one of our wealthy friends quipping facetiously that he was buying a big new car. His friend said, "You are going to get only about 14 miles to the gallon with that." He said, "Yes, but my birthday is in February and I am going on the old age pension; and I figure that the government can pay for the gas for the new car."

This, by the way, was not a veteran speaking. Mr. Lanning continues:

That is all very well, but the veteran on war veterans allowance is not going to be able to buy a big car and run his car on gas paid for by an allowance without a means test. So we think that the means test is a little harsh on war veterans, and every opportunity should be given to the older man who is ambitious enough to go out and do something. You set a ceiling of $10 a month, but you have to pay a boy $10 a month to come and cut your grass. What is a man going to do to keep his earnings down to $10? It is a ridiculous figure.

That sums up the whole argument: it is a ridiculous figure. I say that $10 for a single veteran and $12 for a married veteran is ridiculous.

The Legion dealt with this matter, too, because at page 5 of their brief we find this:

The War Veterans' Allowance Act recognizes that the ceiling is too low, and under section 4—

The one to which I referred, which enables a man to work for a period of a few months.

—and the regulations governing casual earnings, permit it to be substantially exceeded. Yet for those unable to avail themselves of these provisions no exceptions are permitted.

And there is not the slightest doubt that only a handful are able to avail themselves of those provisions.

Section 4 and the provisions governing casual earnings also recognize the desirability of self-help, but this recognition is not extended to those who by forethought and thrift have gained for themselves small pensions or retirement annuities. The great merit of our Old Age Security Act is that it recognizes the desirability of encouraging individual thrift and saving, but the War Veterans' Allowance Act discourages it.

Our pension laws recognize that pensions for disabilities cannot be affected by the earnings of the individual, but the small pensioner who must also use war veterans' allowance finds his pension of little value because its amount is practically deducted from his allowance.

These and other anomalies would be largely eliminated if the ceiling on permissible income were increased to $1,200 and $2,000.

It is a tragedy that these ceilings are not being raised at this session, as requested by these veterans organizations. But the question will have to be faced; it is not going to be allowed to die down. These men and widows are entitled to a raising of the ceiling. Practically all the men were front-line soldiers, most of whom served this nation in the front-line trenches in Europe in the first war. Practically all were volunteers; and I believe the failure of the government to raise this ceiling at this session by an adequate amount means shabby and ungrateful treatment of these veterans of Canada.

Mr. Johnson (Kindersley): Mr. Chairman, I do not wish to unduly delay the passage of the legislation; but I believe that if by this action the opposition groups were able to convince the government of the necessity of amending the bill to provide for the recommendations made by veterans organizations, such a delay would be publicly approved. It is highly improbable that that could be done, since the opposition groups were unable to convince the government members of the veterans affairs committee who without exception are veterans. We were unable to convince those who have a complete understanding of the position and the need of the

burnt-out pensioners of the desirability of those changes so it is very optimistic to suppose that we can convince the government.

I certainly share the view of the opposition members who have spoken on this bill. As has been pointed out, this legislation could be described as too little and too late. The need of those recipients of war veterans allowance existed five years ago in the same way as it exists today. Legislation should have been introduced at that time to provide relief for those in need. If the principle of providing assistance is desirable today, it was equally desirable many years ago.

I know that those who will receive the increase in the allowance will appreciate it. But I share the view of the other members that two significant factors were overlooked. The permissive income was not increased sufficiently and the allowance for the married veteran was not increased to the desired proportion.

When negotiations take place it is the practice of those making their request to ask for more than they hope to achieve. However, in the case of the veterans organizations, I am convinced that this is not so. I do not think anyone can accuse the Canadian Legion of asking for more than they realized was required by the veterans of Canada. It is most unfortunate that the recommendations of hundreds of thousands of veterans, through their organizations, were ignored by the federal government. I would request the government at this stage to reconsider the recommendations of the veterans organizations and increase the permissive income to $1,200 and $2,000, and to increase the allowance for the married recipients from $108 to $120. That is the least we can do at this time.

Not too many days ago we completed the debate on unemployment and it was generally agreed that it was a serious problem to have 614,000 unemployed in Canada. That has a very close association with the topic under discussion, because a lot of emphasis has been placed on the fact that a veteran is able to augment his income with casual earnings. It has always been difficult for a man getting on in years to get those odd jobs. It is more difficult for war-worn men to compete with 614,000 unemployed in seeking little jobs to augment their income.

I am pressing the point that it is necessary to increase the permissive income so that if a man has a permanent job which does not pay very much, but is still a permanent job, or has wisely invested his money in a pension fund he will be permitted to receive the maximum benefits and not have to expect to augment it in competition with the younger unemployed men through casual earnings.

One of the methods that the government has used and relied on to ease unemployment is the transfer payments, family allowances, old age pensions and unemployment insurance. Surely, to increase the war veterans allowance payments of the married veteran to $120 as well as increasing the permissive income would be one way of transferring payments, because the veteran would not be able to save that small amount of money. He would have to put it back in circulation in order to live.

In conclusion, Mr. Chairman, I am expressing the view of the Legion bodies and the veterans in my own constituency, as well as those in the rest of Canada, when I make a strong appeal to the government to take the protests of the opposition groups in this house into consideration and make the desired changes as recommended by the veterans organizations.

Mr. Quelch: I appreciate the fact that in Canada we have a very fine program of veterans legislation. However, for a number of years the main weakness in that program has been the War Veterans Allowance Act. Let me hasten to add that when I say that I am not for one minute criticizing the officials who administer that department. So far as they are concerned, they are doing an exceptionally good job in leaning over backwards in looking after the interests of the veterans, but they are limited in their actions by the legislation.

At the second reading stage, I congratulated the government on increasing the amount of the allowance, but I deplored the fact that they had not seen fit to increase the ceiling. Unfortunately, the committee did not see fit to make any recommendations in that regard at this time. I hope the Liberal members of the committee will not be offended when I say that the new Liberal members of the committee, the members of the Liberal party who have been appointed to the committee during the last ten years, are a little hesitant today about making any recommendations, or supporting any recommendations, that will go beyond the government's program. I would point out that the veterans committee of today functions very differently from the way the veterans committee functioned ten years ago. One might well ask, why is it we have such a fine program of veterans legislation today? Liberal members might say it is because the government introduced it and passed it. But let me also point out that it was due in part to the procedure that was

adopted in drawing up the charter. Let me remind some hon. members how that was done.

A veterans committee was set up and a number of draft bills were sent to that committee. The members of that committee were permitted to make any amendments to those draft bills that they saw fit to make. Then we sat in camera and the late Ian Mackenzie, who was then minister of veterans affairs, sat in with us and told us just how far the government would go in accepting those amendments. But mind you, we were allowed to make any amendments that we saw fit to make. Then, after we had threshed it out in camera, the government introduced bills in the house, based upon the draft bills, with the amendments made by the committee that the government had seen fit to accept. I would suggest to the parliamentary assistant that if he could persuade the government to adopt a similar practice today, it would be much fairer to the members of his own party, as it would give them a chance to join with the opposition in committee in order that certain amendments or certain recommendations could be made.

I agree that the Liberal members on the committee today are in a difficult position. They know what the program of the government is; they feel they cannot join with the opposition in urging recommendations that go beyond government policy. But if the practice that was adopted in drafting the veterans charter, of putting draft bills before the committee and allowing that committee to make any amendments that it saw fit to the draft bills and then allowing the minister to sit in with the committee and tell us how far the government would go, were adopted once more, I am sure hon. members would be surprised at some of the changes that would be made in the bill. While the minister might not consider that the changes would be in the interest of the government, they certainly would be in the interest of the veterans.

I should like to join with those hon. members who have congratulated the Legion upon the brief it submitted, and also the national council of veterans associations. I think it was a very moderate brief and the government could very well accept its provisions.

The main point dealt with in the brief was the present ceilings. While it is true that the present interpretation of casual earnings helps a veteran who is able to work, this definition does not help the veteran who is unable to work nor does it help the man with a small disability pension or annuity. In the case of the man receiving a small disability pension or a gratuity the amount of that pension is subtracted from the ceiling and what is left governs the war veterans allowance to be paid. The veteran able to work is allowed to have casual earnings of $50 a month or $600 a year. There is no question that there is severe discrimination against the small disability pensioner or the veteran in receipt of a small annuity.

I raised this question in the committee and a good deal of sympathy was indicated for my point of view by a number of hon. members. However, it was felt that no recommendation should be made at that time but that later when we drafted the final report we might be able to include a recommendation dealing with the question. It seems to me that the logical time to make a recommendation with regard to war veterans allowance is when the committee is reporting the war veterans allowance bill rather than to wait until the final report of the committee is made. However, if the committee sees fit before concluding its sittings to include in its final report a recommendation to take care of the situation I have just referred to I am sure the veterans will appreciate it. I would hope in that case that at a later date the government would see fit to act upon it.

I should like to join with those hon. members who have referred to the plight of the widow of the imperial veteran. For the life of me I cannot see why the government should refuse to grant a war veterans allowance to the widow of an imperial veteran who had died before completing 20 years' residence in this country. The actual cost would be quite small and I hope the parliamentary assistant will again try to impress upon the government the desirability of making this change.

There was some criticism of the chairman of the committee but personally I think he did a remarkably good job. It is not easy to act as the chairman of the veterans committee because we always feel we should be given more latitude than is given to any other committee. Taking everything into consideration, I think he did a remarkably good job and he was just as lenient as could be in stretching the various rules of procedure.

Along with other hon. members I regret that the motion to increase the ceiling was voted down. If I felt that the parliamentary assistant was able to give us any assurance that the government would consider the question and perhaps do something about it at a later date I would be much easier in my mind.

In conclusion let me say that I hope the government will bear in mind the repeated recommendation of hon. members on all sides

of the house that we have a standing committee on veterans affairs so that from year to year we could review the various pieces of veterans legislation.

Miss Bennett: Mr. Chairman, I had not intended entering this debate this afternoon because I feel that that is a monopoly belonging to hon. members of this house who are veterans. However, after listening to what has been said I feel that as a member and citizen of this country I should say something for these glorious men to whom I and every hon. member of this house and every person in this country owe such a great debt.

A very strange thing is taking place in this Canadian parliament this afternoon. We are debating how much should be paid to men who have seen long years of honourable service, who have given practically everything they have to this country. As a matter of fact we would not be sitting here debating this afternoon if it had not been for what these men have done for us, particularly those who fought in the first world war.

I say this with some diffidence, but if I were a young man sitting in the galleries this afternoon hearing what I have heard in this debate I would consider for a long time before I would offer my services to this country should another emergency arise. When these men offered their services in the first great war particularly we promised them everything. We told them what they would have when they came back. We told them what rights and privileges they would have by virtue of their services to this nation. But today we find ourselves cajoling, coaxing and doing everything possible to get this government to raise the permissible income to a decent standard as requested by the veterans themselves.

I think every hon. member of this house going about his particular constituency knows very well that these men do not have a standard of living, do not have the type of home, do not have the things in their homes, do not have many of the ordinary amenities of life as they are growing older that they should have and to which they are most certainly entitled.

The permissible income for single veterans has been raised to $60 a month, but instead of raising the permissive income for married couples to $120 a month it has been raised to only $108. I agree with what an hon. member to my left said today, that in doing this the government would simply be doing what it has done to increase purchasing power in this country through the payment of old age pensions, family allowances and all that kind of thing. After all this would come back to the people of this country. These veterans would have additional purchasing power and in the final analysis there would be extra employment. The benefit would be felt all through our society and all this would cost the country but very little if anything at all.

Another thing that comes to my mind is that we have a group of men who are home from the second world war and who may some day be burnt out just the same as those veterans we are discussing at this moment. What incentive are we giving these young men to save or to be thrifty? Why should they? All they have to say is, "If we do save and if we do have this money, when we reach the age when we are entitled to a burnt-out pension the amount will be deducted according to what we have saved." That situation is not fair to the veterans in this country. I do not think the citizens of Canada would approve for one moment of the bill we are attempting to pass at this moment in the House of Commons.

May I reiterate one matter which has been dealt with by practically every hon. member who has spoken today. As I say, the veterans have made it possible for us to sit here today and have made it possible for Canada to be what it is now. I think it is outrageous that we should even think of deducting the old age pension or an amount commensurate with the old age pension from these men when they reach 70 years of age. There are millionaires in this country who receive it and nothing is being deducted from them, not a cent. They receive their $40 a month and there is no question about it.

Before this bill is passed I hope the government will reconsider these things. I think the people of Canada would expect it and I think we owe these men a tremendous unpayable debt. Nothing we can do for them would be too much and their request is fair. As men and women and as members of this house the least we can do is to comply with their request.

Mr. Cardiff: It is not my intention to take up the time of the house at this late date. Yesterday I received a telegram from one of the Legion branches in my riding and they asked me to speak for them in this debate. The telegram reads:

> Members of branch 180, Canadian Legion, Wingham, request you support the maximum of war veterans allowance.

I think perhaps I would be remiss in my duties if I did not thank the Minister of Veterans Affairs for having brought in this bill and for having given the veterans some assistance; I think they expected it. On the other hand, however, the veterans feel they should have obtained the full allowance

asked for by the Canadian Legion. I think, in view of what we have heard this afternoon and in view of what we have read of the proceedings of the committee, that we are in agreement in this matter. I think it was a modest request which the Legion made, modest indeed, and I think it should have been complied with.

I cannot understand why the government insists upon not raising the permissible income of veterans. If a veteran works and makes a little money in order to help himself it is then deducted from his pension, and I do not think that is right at all.

I would like to follow the last speaker by stating that I think it is absolutely wrong that when a man reaches the age of 70 and has earned his allowance as a veteran it is deducted from his old age pension. I think he is entitled to it as a right regardless of whether or not he receives an allowance as a veteran. I do not think it should be deducted and I hope that before our young veterans reach 70 years of age some consideration will have been given to this matter.

In the county of Huron we have perhaps more veterans according to population than any riding in Canada—

Mr. Bennett: I wouldn't say that.

Mr. Cardiff: I would, according to population.

Mr. Bennett: What about Grey county?

Mr. Cardiff: We have the reputation of supplying more men to the army than any other county in the province of Ontario and I wish to say something on behalf of our veterans. I feel, as they do, that they have been very modest in their requests all down through the years. They have been given allowances piecemeal when they should have been given more, and it went on and on until the government thought it was time to raise the allowance, without being asked, after the fight which took place last year.

Now, I hope the parliamentary assistant to the Minister of Veterans Affairs will take into consideration what has been said this afternoon and that even at this late date some further consideration will be given to this matter. I shall not take up any more time because I would like to see this come to a vote.

Mr. Knowles: Most of us have been here long enough—even those members who came for the first time in 1953—to know that when legislation gets as far along as this piece of legislation has now gone the chances of the government making any changes in it are not very great. Even so, I hope that the government will pay attention to the appeals which have been made by members of this house to the effect that our burnt-out pensioners be given a better deal than is provided in this bill, particularly with respect to the permissible income ceilings. I support wholeheartedly the appeals that have been made with respect to that phase of the matter and I support once again the appeals that have been made to make it possible for burnt-out pensioners when they draw the old age security pension to draw it without any reduction in their war veterans allowance. I support once again the appeals that have been made with regard to the widows of imperial veterans and also the appeals made to the effect that England should be regarded as a theatre of war in relation to those who served in world war I. These indeed are the main improvements that can and should still be made and despite the fact that there is some pressure to get this bill through today in time for royal assent tonight, in order that its provisions can be effective tomorrow, I say to the government that if the minister would come into the house and agree to any of these changes that have been suggested the house would give unanimous consent at all points necessary to make these improvements before this day is through.

If that cannot be done—and the only reason it could not be done would be because of unwillingness on the part of the government—there is still another way in which this problem can be met. As hon. members know the Unemployment Insurance Act is being amended twice in this session. The Minister of Labour brought in a bill which was put through some weeks ago and is now law. Despite that fact there is now on the order paper notice of a resolution to amend it again; in fact, we might even alter the very provision that was dealt with in the bill that went through earlier. I mention that to underline the fact that is known to all of us that it is possible to amend the same statute twice in the same session. I suggest that this house would be happy to amend the War Veterans Allowance Act twice during this session. If the government feels it cannot make up its mind on this matter before the end of this day's sitting I suggest something might be done even yet before the end of this session.

Indeed all of us who are not members of the special committee on veterans affairs are pleased to learn that the committee has not finished its work and that that committee will be bringing in a report later on. I hope that the committee will consider including in that report recommendations along the lines of the representations being made here this afternoon, namely, that the provisions of the

War Veterans Allowance Act be brought up to the level of the suggestions made by the Canadian Legion and other veterans organizations.

Like others who have spoken, I do not want to delay the legislation now, but I should like to see some action on the part of the government. I certainly hope that some one of the courses being suggested by various members will be followed and that we will yet give a better deal to our burnt-out pensioners, particularly with respect to the permissible income ceilings. Like others who have spoken, I am satisfied I am speaking for a great many people, not only members of the Legion branches in my constituency and my city, not only for members in other veterans organizations but for Canadian citizens at large.

We on this side of the house are not impressed at all by the argument of some private members on the Liberal side about responsibility, namely, that they are the only ones who have to take any responsibility for the cost of proposals such as we advocate. It is time to throw out this cliché about opposition members being able to ask for anything without having to take any responsibility for it. Surely hon. members opposite know that we have to go back to our electors and face them on the question of the taxes or other costs that have to be met to satisfy the demands which we make on the floor of parliament. But I am satisfied that the people of Canada generally would like to see the best possible deal for our burnt-out pensioners.

I mentioned that I know I am speaking for the members of a number of branches in my constituency and in my city. Other members have had the same experience, I know, but I should like to put on the record the names of the branches and organizations from which I have heard recently with respect to Bill No. 164. I have heard from the Winnipeg branch, Manitoba No. 1, on Sargent avenue in Winnipeg, as well as from the Brooklands and Weston branch of the Canadian Legion in Winnipeg North Centre. I have heard from the Valour Road branch, the St. James branch, the Imperial division No. 84, the Ukrainian veterans, the Duke of Kent branch and the Fort Rouge branch. I have also had representations from the Manitoba and northwestern Ontario provincial command and from the veterans' widows organizations in my city.

These are not all the Legion branches and organizations in the city of Winnipeg but they are the ones, and they are a representative group, from which I have heard during the time this very bill has been under discussion, and although they make their representations in different language, though they write different letters or send different telegrams, they all add up to the same thing. They feel that parliament should meet in full the modest, justifiable representations of the Canadian Legion. Once again I want to indicate my full support for those representations.

Mr. Blackmore: Mr. Chairman, I shall be very brief but I wish to say a few emphatic words. I think the very least this house should consider, in honour, is to give our veterans what they have asked for this year, and everything they have asked for.

If the veterans of this country had haggled with Canada at the time of decision as disgracefully as Canada is haggling with them, this country would have been safely tucked away in a German empire long ago.

There is no conceivable excuse. What we are able to do financially depends on what we can do physically. There is not a doubt in the world that Canada is producing enough goods and services to supply more by far than all these men are asking for.

It is our business to make what is physically possible financially possible. Let the members of the government bear in mind that they have the responsibility to do that. They are loud in their protestations about their responsibilities. They do not understand half of their responsibilities. One of their most vital responsibilities is what I have mentioned, to make what is physically possible in this country today financially possible; and then, so far as our veterans are concerned, do what the veterans have asked.

Mr. Fraser (Peterborough): I wish to add my voice to those of all the members who have spoken today. I have had representations from the Legion branches in my riding. I know what some of these veterans have had to undergo over the years, and I do not think it is right that the government should allow conditions to exist as they are today. It is not right that the amount of permissible income should not be increased so that they can live in the way they should be able to live. As things are at the present time, the welfare organizations of the Legion branches throughout the country have to look after these veterans in many cases and help them out when they are sick, members of their families are sick or when other things happen. The welfare organizations and ladies auxiliaries of the Legion have to help these veterans and their families.

It would not cost the government one red cent to raise the ceilings on permissible

income. It is the right and fair thing to do and I know that I and everyone else feel that the ceilings should be raised to give the veterans who have fought for you and me a fair deal.

Mr. Nowlan: Mr. Chairman, in view of the course the debate has taken I should like to speak for two minutes. As one who has been associated with the Canadian Legion ever since that organization was formed, I do not think I could very well sit here and not participate in the discussion, if only briefly. I am not going to repeat the arguments already advanced by so many speakers. There is no need to reiterate them or put them on the record again. They have been clear, and I think for the most part they were fair and reasonable. Certainly that is true, with respect to increasing the permissive ceilings and changing the act so as to include veterans who served in England during the first war.

I have over 200 files in my office at the moment dealing with various veterans and one of the most difficult questions for me to answer is why a veteran who served in Britain in the first war cannot get the war veterans allowance when his next door neighbour is getting it who served in Newfoundland in the second world war. It seems to me that is a perfectly illogical and unfair provision, and it should be changed. As I said, I am not stressing individual arguments whatsoever. They have been put forward here, and if the government will not accept the arguments of others they certainly will not accept mine.

I should like to add a further word. I think this country has been very fortunate in the type of organization that has been looking after our veterans since the first great war. I refer to the Canadian Legion primarily but also other organizations. Without casting reflection on other organizations in other countries, I think all of us in this chamber realize that we owe a great deal to the sane leadership given our veterans in this country, particularly by the Canadian Legion. I think the Canadian Legion deserves the support of the government and the house when it approaches us with what apparently is a very reasonable proposition. You cannot expect that organization to continue to maintain its leadership and to have the support of the returned men throughout Canada unless its voice is listened to and unless it commands the respect here that it does with veterans generally. I suggest to the parliamentary assistant and to the government that there is—I will not say that "danger"—that possibility.

Unless these demands are pretty well met, when they are reasonable and when they are approved by the great majority—I believe every veteran in this house would approve of these demands—there is that possibility. Some hon. members cannot give support for obvious reasons. I am not suggesting their demands should be met in full in every case, but they should when they are reasonable, as they are in this particular case. I feel the country owes the Canadian Legion a great deal, and we should support that organization by meeting, so far as the government can possibly do so, its demands. Otherwise, we may find that the veterans in this country will receive the same type of treatment they have received in other places.

Mr. Stanton: I should like to express my opinion on this subject. I feel that we could give the veterans everything they have requested because they have not been unreasonable in their requests. I have received many telegrams and personal communications from the veterans of Leeds county. They have been very moderate in their demands. The government says that they are responsible, but I do not think they are. I believe everybody would agree with me that if a plebiscite were taken in this dominion on the veterans' demands, those demands would receive the wholehearted support of the people of this country. When these demands have the support of the rank and file from the Atlantic to the Pacific, I see no reason why they should be refused.

I do not wish to take up too much time, but requests have been made to me to uphold the veterans' demands and I would be very remiss in my duty if I did not raise my voice in support of them here today. While I do not believe the government will do so, I hope they will reconsider this bill and amend the act so the veterans can receive what they have requested. I believe they should have a larger permissible income because they are not going to lay away those funds. They are going to spend them for their everyday wants and that will put the money into circulation. It would not be costing the government anything. Above all things these veterans should receive the full $40 per month when they reach 70 years of age. Other people across Canada receive that $40 a month, regardless of their income, so why should the veteran not receive the same treatment?

Mr. Bennett: I shall be as brief as I can because we are all anxious to have this legislation passed by this house as soon as possible. First of all, I should like to acknowledge the fact that the three veterans organizations did present briefs to the special committee on veterans affairs, those being the Canadian

Legion, the National Council of War Veterans and the Canadian non-pensioned widows. As has been said, those briefs were presented in a very able manner. Although I do not share all the views expressed in the briefs, nevertheless they were presented well and in a moderate tone. I do not need to tell hon. members that these veterans organizations, all responsible bodies, have done a good deal in Canada to further the well-being of the veteran. Their co-operation and assistance to the Department of Veterans Affairs is reflected in no small way in the veterans charter as it stands today.

At the outset, too, I should like to say that I am sure hon. members on both sides of the house are genuinely and deeply concerned with the welfare of the older veterans, particularly the veterans who saw combat service. I think we all recognize what we owe to these veterans, and I think we are all anxious to do just as much as we can to help them.

I have listened with great interest to the speeches made here because I am a greenhorn in the field of veterans affairs. Many of the members who have spoken have had a great deal of experience. I hope that in my reply I do not sound dogmatic because, as hon. members know, this side of the house is charged with the responsibility of setting the rates and ceilings. No one can say definitely if $1,440 is right or $1,500 is right. I am going to try to place on the record some of the thinking of the government as I know it.

Most of the criticism today has been levelled at the permissible ceiling. I think hon. members will agree that when you discuss the amount of the ceiling you have to take into consideration all the benefits which are available to war veterans allowance recipients. You also have to take into consideration the historical background of the war veterans allowance legislation, the purpose for which it was set up and its scope. I feel some members have the wrong conception of war veterans allowances, because of some of the statements made here today.

It has been said many times that the War Veterans Allowance Act is welfare legislation based along old age pension lines, payable to veterans who have seen service in an actual theatre of war but 10 years sooner because those people are pre-aged by 10 years as a result of that service.

Now, that proposition has often been laid down. The Hon. J. H. King, minister of pensions and national health at the time the old age pension act was introduced in 1926, pointed out that an additional clause should be inserted giving special consideration to veterans who, while not 70 years of age, fulfilled the other requirements of that act.

Then, four years later, the War Veterans Allowance Act did provide the equivalent of the old age pension under the same means test for a restricted group of needy veterans at age 60, or younger, if they were incapable of supporting themselves. On March 4, 1930, Mr. King said in connection with war veterans allowance legislation:

> It is not considered a pension matter in the sense that we have been discussing pensions heretofore. This is an allowance to the veterans.

During the same debate Mr. Mackenzie King said:

> This measure has been introduced amongst other things to give relief to the man of 45, 50 or 60 years of age, who is prematurely aged. Instead of having to wait until 70 years of age, as he would under the Old Age Pension Act, the returned soldier will receive the equivalent of the old age pension at the age of 65. Or if declared "burnt-out", as it is expressed, he may receive this equivalent at a much earlier age, at any age in fact.

The Minister of Veterans Affairs said the other evening in a broadcast on the "Nation's Business", that the War Veterans Allowance Act had been, from its inception, a social security measure designed especially to meet conditions peculiar to veterans who have seen combat service. Sir Arthur Currie, when he was grand president of the Canadian Legion, called it a fine piece of social legislation.

Our predecessors who were responsible for the various acts which we now call the veterans charter decided then that there was an altogether different base for the assistance available to the veteran under the War Veterans Allowance Act, as compared with the pensions paid to veterans suffering from disabilities related directly to war service under the Pension Act or to the dependents of veterans who gave their lives in the service of their country.

It has been argued on the other side of the house that war veterans allowance legislation should not be compared with welfare legislation or with the Pension Act, but that it should stand on its own legs. Well, I think it is elementary—indeed some hon. members opposite have agreed with this—that when we consider the benefits under an act such as the War Veterans Allowance Act we must consider other welfare legislation and the Pension Act, just in the same way as it is our duty in parliament at all times to keep in mind and to compare the needs of all groups and classes making up this great nation. There must be a balance maintained.

I would remind hon. members that under the Old Age Security Act a civilian gets $40 a month, and a married couple, if they both qualify as to age, receive $80. But remember that in my own province of Ontario, for instance, if there is a married man at the age of 70 whose wife is aged 63, that married

man gets only $40 a month. There are no old age pension supplements in the majority of the provinces.

Now, comparing the war veterans allowance with disability pensions, the ceiling of $70 a month is the equivalent of a veteran who has a disability assessed at 56 per cent. The ceiling, recommended by the veterans organizations and by all hon. members opposite, of $1,200 for a single man, would amount to a disability pension of 80 per cent, or only $25 a month less than the 100 per cent disability pensioner receives.

The $120 ceiling contained in Bill 164 is the equivalent of a 70 per cent disability pension, whereas the recommended ceiling of $2,000 would be just about the same as a 100 per cent disability pensioner receives, namely $2,040, if a married man.

Mr. Knowles: But is it fair to compare the ceilings in one case with the amounts paid in the other?

Mr. Bennett: Yes, it is fair, in view of the assistance fund; and I shall come to that later. It is true a veteran will receive $60 and if he needs it $70, and in the same way a married veteran can receive $120. As I say, while all of us would like to see the older veteran as well off as possible, still I think we have a pretty fair bill in front of us. We are all familiar with the terms of it: A single man gets $60 and, as I have said, if he needs it he can be paid $70. That is $10 more than the veterans organizations recommended. The ceiling, of course, is $70.

But the big point I wish to make to hon. members of the opposition is this, that raising the ceiling will not help the man who has no outside income; and I suggest he is our basic man. The War Veterans Allowance Act was set up to help needy veterans, those who were without income. Raising the ceiling will not help them. Hon. members opposite seem perfectly content with the $60 for the man who has no outside income, and that is all he can get. Now under the act we can pay $10 more, and for a married man we can pay him up to $120; and that is what was recommended by the veterans organizations. The ceiling is $120 for the married man.

But once again our basic man is surely the man without income. The hon. member for Vancouver-Quadra said, and quite rightly, that there are 20,648 veterans on war veterans allowance who have no other income. In other words, half the W.V.A. veterans have no other income. I say to hon. members that raising the ceiling will not help them; but hon. members opposite do not seem to be concerned with that fact. They say, "Oh, they are all right." They are trying to help the fellow who has income.

Mr. Knowles: Raising the ceiling would help those over 70.

Mr. Brooks: Would that not help the veteran over 70?

Mr. Bennett: I will come to that. And may I say I was quiet as a mouse when you fellows were directing your barrage at me today. I would ask the same consideration.

Mr. Knowles: Maybe you had nothing to say.

Mr. Bennett: I have plenty to say.

Mr. Martin: And saying it very well indeed.

Mr. Bennett: It is estimated that the cost of the increase in rates and ceilings in Bill 164 will amount to about $9,250,000. All the present recipients of war veterans allowances will benefit from this expenditure. The proposal to raise the ceiling to $1,200 and $2,000 respectively would cost $12,500,000, in addition to the $9,250,000, or a total additional expenditure of $21,750,000.

The extra $12,500,000 to raise the ceilings would not benefit the 20,648 at all. They would not get a cent of it. It would go only to those who have incomes. I would point out to hon. members opposite that $12 million is a lot of money. It is a substantial portion of the total expenditures on war veterans allowances in 1954-55, which in round figures amounted to $28 million.

I notice it is about six o'clock. May I call it six o'clock, Mr. Chairman?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Bennett: Mr. Chairman, before the dinner recess I was discussing the amount of the permissible income ceilings in the bill. Once again I should like to say that I am putting on the record some of the reasoning of the government for the setting of the ceilings at the limits in Bill No. 164. I think hon. members opposite will concede that perhaps it is easier to make a speech urging the raising of rates and ceilings than it is to make one to defend a certain limit, no matter where that limit may be drawn. I want to say once again that we on this side of the house are just as interested in the older veteran as hon. members who have spoken on the other side of the house. When you draw the line in welfare legislation, no matter where you draw it, there will be some inconsistencies, inequities and cases of hardship.

The hon. member for Royal drew our attention to three or four cases, as did other hon. members. The first one was the case of the veteran with a small disability pension. The hon. member for Acadia also feels very strongly on this point. We are all very sympathetic toward the disability pensioner. As I understand it, the point is that under our present ceiling the veteran with the small disability pension is losing the benefit of a portion of that pension. I say to hon. members that the same argument would apply exactly with the ceiling at $100 a month. For instance, a single person with a disability pension of 30 per cent would receive $37.50 pension and $60 veterans allowance, or a total of $97.50, which is just about the same amount as the 80 per cent pensioner gets. Surely, the 80 per cent pensioner would say: my disability pension is being wasted.

I do not know what is in the mind of hon. members opposite, but—

Mr. Quelch: On account of the casual earning being allowed in the sum of $50 a month or $600 a year, the disability pension should be placed in the same category up to $600.

Mr. Bennett: By doing that you are equalizing the 30 per cent disability pensioner and the 80 per cent disability pensioner. Surely the 80 per cent veteran or the fellow at 100 per cent would say: well, I am getting the same pension now as the man on a 30 or a 50 per cent disability pension. If hon. members mean that they want to exempt disability pensions altogether, I would point out that that would cost over $10 million, and a married man on a 100 per cent disability pension would get $170 a month disability pension and $108 war veterans allowance, or a total of $278 a month. The War Veterans Allowance Act was not intended to work in that way or for that purpose.

The second case the hon. member for Royal brought up was the old age pensioner. The hon. member said if a veteran were receiving war veterans allowance, when he became 70 his war veterans allowance would be reduced, which is perfectly correct. A single man would get $40 old age pension and he would get an allowance to the extent of $30 under the present bill. But the hon. member for Royal knows perfectly well the answer to that. He knows that the war veterans allowance legislation is old age pension legislation but the pension is granted to veterans 10 years before it is granted to civilians and on much more generous terms.

I said this afternoon that in Ontario a married man at age 70 with a wife 63, if he is a civilian, gets $40. Our veteran gets either $108 or $120. To pay him a full war veterans allowance at 70 would be to pay him the old age pension twice.

The third case that the hon. member for Royal brought up was that a man with a small pension. He said that the man with a small pension was losing the benefit of part of that pension because of the ceiling we have in the act at the present time. Surely the same argument would apply if we had the ceiling at $1,000 or $1,200. Take a veteran with a small pension of $60. With the ceiling at $1,200 he would get $60 pension and only $40 war veterans allowance. He would be losing $20. And have hon. members ever thought of the man of age 60 who wants to work? He is, say, getting $2,200 and he wants to continue to work, and yet he has a pension coming to him. Certainly, it would be quite an inducement to him to say: I can retire at 60 on $2,000. Would not hon. members opposite say then that that would be a measure to discourage people from working when they reached age 60 and could retire on an income of $2,000?

Mr. Brooks: May I just correct the hon. member? My argument was that it is based on the cost of living, or should be. It should be based on need. What I said was that a man with a small pension of $25 or $35 a month should have his full veterans allowance so that his income would be brought up to a decent figure of between $1,000 and $1,200. If that were done he would have something on which to live. I did not mention any large amount such as $50 or $60 over and above his war veterans allowance. I was thinking of $25 or $30.

Mr. Bennett: I do not think we have time to argue across the floor. But what amazes me, as I said this afternoon, is that the hon. member for Royal is perfectly satisfied for the married man who has no income to live on $120 a month or the single man on $60.

Mr. Brooks: The same principle applies.

Mr. Bennett: He has no other income. The hon. member is satisfied with that.

The next point the hon. member for Royal made—and I am not picking on him; he acted as the official spokesman for the opposition and I think he mentioned nearly all the points that were covered by the other speakers—was that we were discriminating against the veteran who wanted to go out and work. It is quite true under the present set-up of casual earnings that a person can go out and make more money than the veteran who cannot work. But the same thing would apply if you had a ceiling of $1,200. The man with an income of $1,200 who went out to work would have a greater

amount than the man with $1,200 who had to stay at home. These arguments apply all the way down the line, no matter where the ceiling is set.

Mr. Brooks: No.

Mr. Bennett: The hon. member for Vancouver-Quadra is usually pretty careful in what he says. I do not think he gave a full explanation of one thing this afternoon. He mentioned that 20,648 veterans were receiving war veterans allowances and they had no other income. He said that 5,581 were receiving benefits from the assistance fund. That leaves a remainder of 15,067 individuals who have no other income and who are not getting assistance from the assistance fund. The hon. member for Vancouver-Quadra said that when he asked the departmental officials about that they replied that they did not apply. That is true, but the acting deputy minister also said this:

I will only make one observation, and that is these 15,067 are either getting along satisfactorily on the basic rate because they are living in areas where the cost of living is not too high, or they are augmenting their incomes.

I said at the outset that when you consider the adequacy or inadequacy of the ceilings you must take into consideration all the benefits of the act. I must not talk out this bill, but I do want to remind hon. members that we have a reasonable set-up for the war veterans allowance recipients.

The minister announced the other night that the assistance fund has been liberalized. This fund now includes two more factors in computing the monthly grants under the fund. Evidence was given before the committee that the assistance fund is being administered very sympathetically and that over 90 per cent of the applications for assistance from the fund are being approved.

I think hon. members are familiar with the new interpretation of casual earnings. They all agree that this new interpretation is a very generous one. A veteran who can go out and work can certainly augment his war veterans allowance. I commend all hon. members to read that directive which is appended to the appendices of the proceedings No. 3 of the special committee on veterans affairs of this year.

There is also a farm directive which makes the position of the war veterans allowance recipient engaged in farming a much better one. Many farmers are now eligible under the War Veterans Allowance Act who were not eligible previously.

There is just one more directive to which I want to draw the attention of hon. members. This is a new one that applies particularly to the recipients of war veterans allowances who take in boarders and lodgers. This is a most generous directive and it is important because many war veterans allowance recipients cannot go out to work but are able to supplement their income by taking people into their homes.

I wish to mention too that war veterans allowance recipients are entitled to free medical treatment for any condition. Last year this cost over $9 million, which is roughly one-quarter of the total amount spent on war veterans allowances.

Just a word on the work of the committee on veterans affairs. I was surprised to hear the hon. member for Cape Breton South state that during the last five years the committee has not been as effective. The hon. member is reported on page 2559 of *Hansard* of March 30 as having said:

Then the committee had the right to examine legislation and make recommendations.

I would remind the hon. member for Cape Breton South that last year he made a couple of recommendations in the committee on which the government acted and the government subsequently amended the legislation. This year the committee decided to report this bill at this time in order to have the increased payments go into effect for the benefit of the veterans, on the understanding we would draw up our final report at a later date when we would take all these problems into consideration. It might well be that the committee will recommend to the government certain changes in the legislation.

Mr. Brooks: That will not benefit this bill.

Mr. Bennett: That is perfectly true, but bills can always be brought into the house by the government. The hon. member for Royal in his speech left the impression that he was stifled as far as getting information from the committee was concerned. I do not understand that because a good deal of information and material was laid before the committee. We had the acting deputy minister there, the deputy minister being overseas on leave of absence.

Mr. Brooks: I think the hon. member will admit that I was discussing casual earnings. On a number of occasions the hon. member for Vancouver-Quadra asked the number who were under the casual earnings provisions. We could not get any information regarding casual earnings at all.

Mr. Bennett: I admit that there was no answer given to the question about casual earnings. I do not think the veterans of this country nor the government want to keep tab on the earnings of veterans doing such things as lawn-mowing, snow-shovelling and

so on. The hon. member for Royal did leave the impression that he did not get all the information he required because he said, "I do not know whether the ceiling should be $1,200, $2,000 or maybe less; I do not know whether the rate is right at $108 because no study was made of it."

I want to tell the hon. member that the Liberal members have studied it; the Department of Veterans Affairs has studied it. This Bill No. 164 is no hit-or-miss legislation; it is the result of a lot of research and study on the part of the officials of the department and of the government.

Mr. Brooks: You must have been given a lot of information we were not given.

Mr. Bennett: All the officials were sitting there and when there were no more questions we started to consider the bill.

I want to say that this war veterans allowance legislation is under constant study, always with the object in view of making sure it is meeting the needs of the older veterans. The original act was passed in 1930 and it was amended in 1936, 1938, 1946, 1948, 1950, 1952 and the present amendment. The regulations have been amended by order in council in 1941, 1943, 1944, 1945 and 1946.

Do hon. members opposite note anything significant there? If they do not, may I tell them that there were no amendments made to the act or the regulations in the period 1930-35. But since that hiatus 1930-35, when a Conservative government was in power, there has been steady and regular progress towards working out a better deal for the older veteran.

I should like to say to the hon. member for Halton, for whom I have the highest regard, that this afternoon she seemed more concerned about the older veterans than her namesake and my namesake was in the thirties.

Mr. Pearkes: No man was more concerned about the older veterans than R. B. Bennett.

Mr. Bennett: When I talk about a better deal I am talking in terms of increased ceilings and increased rates, a better formula under the assistance fund, a wider interpretation of casual earnings, an easier lot for the veteran engaged in farming and free medical treatment provided for the war veterans allowance recipients.

Perhaps it is not true to say that we have to be more realistic on this side of the house, but I think it is realistic to say that the increases in the rates and ceilings provided by Bill No. 164 are substantial. To summarize these increases, the single man under the new bill gets an increase of $10 whether he has outside income or not. The married man, if he has outside income, gets an increase of $20, that is if he is on old age pension or has some outside income. The married man with no outside income gets an increase of $18. Under this bill every recipient gets a raise of $10 if single or $18 or $20 if married. I submit that those are substantial increases and I think the veterans across the country think they are substantial.

Hon. members opposite have been reading telegrams. There are four Legion branches in my riding and I have not heard from one of them. I have not had a telegram or a letter. I have not heard from my zone. I talked to many veterans during the week ends and I would suggest to hon. members opposite when they go home for the Easter recess that they talk to the veterans in their own constituencies, who I am sure will express to them their gratitude to the government for this legislation.

In closing I want to repeat that we on this side are vitally interested in the older veterans. We are going to watch this legislation in operation. If there are gaps in the program, if there are deficiencies in the legislation we will plug them as we have in the past.

Mr. Diefenbaker: Mr. Chairman, the veterans of this country would be interested if they were here this evening in hearing the applause by Liberal members when it was indicated that the government does not intend to act upon the recommendations and suggestions of the Canadian Legion and the national council of veterans. If they were here tonight they would be interested in hearing the applause that greeted the words of the hon. gentleman as he spoke rather disparagingly of the fight which we in the opposition have put up on behalf, not of something ephemeral and fantastic but of something that is asked for, and reasonably asked for, by the Canadian Legion and the National Council of Veterans Organizations.

I say this, sir, as one who has been a member of that Legion for well over 30 years, that it is a proud organization and nothing can be a matter of greater pride than to belong to it. It has always been characterized in its representations by sound and patriotic considerations and there has been no endeavour at any time to make block raids on the treasury, as has been the case in some other parts of the world. That deserves to be said. Let me say something more. This measure was held up until the last possible moment.

Mr. Hosking: By your party.

Mr. Diefenbaker: We cannot continue the fight. Did the hon. member for Wellington South have something to say?

Mr. Fraser (Peterborough): He said, "By our party".

Mr. Diefenbaker: My hon. friend from Wellington South says by his party. It certainly has been a fight by silence. That is what has happened in so far as the Liberal party is concerned in reference to this matter. I say, sir, that tonight we have to give up this fight because in a matter of a few minutes this legislation has to be brought before the Senate. If it were not for that fact my hon. friends on the other side of the house who laugh and jeer at the fight we have put up would have an opportunity tonight to express by vote what they voice in secret.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: However, that opportunity is not going to be given to them tonight for the reason that it is impossible for us to make that motion which could be made, thereby enabling the hon. members who support the government who remain silent in parliament but who in secret say that something more should be done than is being done under this legislation to express their real feelings. But, oh, behind closed doors or outside of parliament or in their letters to their constituents or to the Canadian Legion they invariably say, "We are all for it; wait until the committee starts sitting and action will take place".

When that committee sat, Mr. Chairman, it was handed a dish and told, "This is your dish; this is what you accept; no other ingredients will be allowed to be placed in that dish". And when my hon. friend the member for Hastings-Frontenac, and my hon. friend the member for Vancouver-Quadra, in that committee endeavoured by the motion to which reference was made today to have implemented the reasonable request of the Canadian Legion, that motion was voted down and every Liberal member did exactly what the government intended them to do when it placed this measure before the committee complete and in its entirety.

I am going to say nothing more at this time. There is no opportunity on second reading for us to secure a vote on this matter. As far as it goes it is acceptable but as far as parliament is concerned no action can be taken; we are handcuffed. Regardless of how many hon. members in this house would vote for the representations of the Legion and the national council in their entirety we cannot do anything because this is a money bill that muzzles and handcuffs private members.

My hon. friend brought up the period from 1930 to 1935. How old were the veterans then? They were 32, 38, 39 or 40—

Mr. McIlraith: No. There were a lot of them around Ottawa in real difficulty.

Mr. Bennett: Many were on war veterans allowance and that is why the Liberal government introduced the measure.

Mr. Diefenbaker: My hon. friend brought that up and he realizes the change that comes over these men in a matter of 20 or 25 years.

Now, sir, one more word. If the government had not intended to railroad this legislation through in its present form it would have submitted a draft bill to the committee and would have presented them with an opportunity to give consideration to what should be incorporated in that bill. Instead, the government produced a bill before that committee and on party grounds alone the Liberal members of that committee stood united against the representations which were made by the two bodies to which I have made reference.

There is nothing more that we can do. The members on this side of the house without regard to the position of the opposition have endeavoured to secure action by representation. Their representations have been disregarded; nothing has been done to answer them. There is nothing more we can do because the Governor General waits, and if we were to move an amendment this evening we would find ourselves in the position where it would be too late to have this matter brought before the Senate. Half a loaf is better than no bread, and therefore, as far as I am concerned, having expressed the strongest possible condemnation of the government's attitude in failing to do what is reasonable and fair for the Legion which has itself always been reasonable and fair, we can do nothing more.

We have expressed our opinion and having fought to the last moment we can simply say that as far as the government is concerned it has the majority and it has made the decision. There is nothing that we can do to prevent your failing to carry into effect the reasonable representations that have been made by the hon. members who have spoken and that, as far as I am concerned, concludes this question. We have tried.

My hon. friend says that he has not had any representations; it must be that his parliamentary secretarial position has insulated him from the representations that

hon. members in every part of the house have received in recent days.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Surviving spouse.*

Mr. Bennett: I have an amendment which I understand the Minister of National Health and Welfare is prepared to move.

Mr. Martin: I move:

That clause 3 of Bill No. 164 be renumbered as "3. (1)" and that a new subclause (2) be added to clause 3, as follows:

(2) Where any veteran or surviving spouse of a veteran was receiving or was eligible to receive an amount under section 5 of the said act as it was immediately prior to the date of the coming into force of this act, in respect of a period ending on or after that date, the district authority may, in its discretion and in lieu of any further amount under that section, award to such veteran or spouse (a) in respect of the portion of that period that is prior to that date, an amount determined in accordance with subsection (1) or (2), as the case may be, of section 5 of the said act as it was immediately prior to the coming into force of this act, and (b) in respect of the portion of that period that is on or after that date, an allowance determined in accordance with subsection (1), (2) or (3), as the case may be, of section 5 of the said act as enacted by this section, less any amount received by such veteran or spouse in respect of that period pursuant to an award made under section 5 of the said act as it was immediately prior to the coming into force of this act.

Amendment agreed to.

Clause as amended agreed to.

Clauses 4 to 9 inclusive agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Mr. Brooks: On division.

Bill reported, read the third time and passed.

NORTHWEST TERRITORIES ACT

INCREASE IN INDEMNITY OF COUNCIL MEMBERS

Hon. Jean Lesage (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. 179, to amend the Northwest Territories Act.

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

On clause 1—*Sessional indemnity to elected members.*

Mr. Lesage: Mr. Chairman, when we were at the resolution stage the hon. member for Mackenzie River made the following suggestion, and I quote from page 1496 of *Hansard* of February 24:

I would like to suggest to the minister that when he brings the bill in he have it provide a minimum of at least $1,000 a year. That would enable the members of the council to visit their constituencies and I think it would be a fair minimum.

[Mr. Diefenbaker.]

I may say that the government has accepted the suggestion, and consequently I will ask my colleague the Minister of Mines and Technical Surveys, to move the following amendment to clause 1:

That clause 1 be deleted and the following substituted therefor:

"1. Subsection (1) of section 12 of the Northwest Territories Act, chapter 331 of the Revised Statutes of Canada, 1952, is repealed and the following substituted therefor:

12. (1) Subject to this section (a) where in any one calendar year the total number of days on which there was a sitting of the council is ten or less, each elected member may be paid in that year an indemnity of one thousand dollars, less one hundred dollars for every such day on which the member was not in attendance,

(b) where in any one calendar year the total number of days on which there was a sitting of the council is greater than ten, each elected member may be paid in that year an indemnity at the rate of one hundred dollars for each such day on which the member was in attendance, or two thousand dollars, whichever is the lesser."

Mr. Prudham: I so move.

Amendment agreed to.

Clause as amended agreed to.

Clauses 2 and 3 agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: Is it agreed that this bill be read a third time now?

Mr. Knowles: By leave.

Mr. Lesage moved the third reading of the bill.

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

YUKON ACT

AMENDMENTS RESPECTING LIVING ALLOWANCE AND ATTENDANCE OF COUNCIL MEMBERS

Hon. Jean Lesage (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. 180, to amend the Yukon Act.

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

On clause 1—*When member deemed in attendance for purpose of ascertaining indemnity.*

Mr. Lesage: Mr. Chairman, I wish to ask my colleague, the Minister of Mines and Technical Surveys, to move an amendment to this clause which will have the same effect as the amendment moved a few moments

ago when we were dealing with the Northwest Territories amending bill.

Mr. Prudham: Mr. Chairman, I move:

That clause 1 be deleted and the following substituted therefor:

"1. (1) Subsection (1) of section 15 of the Yukon Act, chapter 53 of the statutes of 1952-53, is repealed and the following substituted therefor:

15. (1) The commissioner in council may provide for the payment out of the Yukon consolidated revenue fund of indemnities to members of the council, allowances for living expenses, and travelling expenses as follows: (a) where in any one calendar year the total number of days on which there was a sitting of the council is ten or less, each member may be paid in that year an indemnity of one thousand dollars, less one hundred dollars for each such day on which the member was not in attendance, (b) where in any one calendar year the total number of days on which there was a sitting of the council is greater than ten, each member may be paid in that year an indemnity at the rate of one hundred dollars for each such day on which the member was in attendance, or two thousand dollars, whichever is the lesser, (c) an allowance for living expenses, not exceeding twenty-five dollars for each day he is in attendance at a session of the council, and (d) the actual travelling expenses incurred by the member in travelling from his place of residence to the place where the council holds its session and return, but no payment shall be made to a member in respect of more than one return trip for each session of the council.

(2) Section 15 of the said act is further amended by adding thereto the following subsections:

(3) For the purpose of ascertaining the indemnity to which a member is entitled under subsection (1), each day on which a member is in the place where a session of the council is held but is because of illness unable to be in attendance at the session shall be deemed to be a day on which he is in attendance at the session.

(4) For the purpose of ascertaining a member's allowance for living expenses, (a) each day during a session on which there has been no sitting of the council in consequence of its having adjourned over that day, and (b) each day on which a member is in the place where the session is held but is because of illness unable to be in attendance at the session, shall be deemed to be a day on which he is in attendance at the session."

Mr. Knowles: May I ask the minister one question? In the amendment now moved reference is made to living allowances as well as to the indemnity. I did not notice anything comparable in the previous bill. Is there any significance?

Mr. Lesage: No, but it is in the bill as printed, Mr. Chairman. If hon. members will look at the bill as originally printed before the amendment, they will see that subclause 2 deals with allowances for living expenses.

Mr. Knowles: I am afraid the minister did not catch my point. My question relates to the fact that although there are living allowances in this bill I did not notice any reference to that in the previous bill.

Mr. Lesage: The Northwest Territories Act was amended last year to that effect. The provisions provided in subclauses 2, 3 and 4 are for the purpose of bringing the terms of the Yukon Act into conformity with the Northwest Territories Act.

Amendment agreed to.

Clause as amended agreed to.

Clause 2 agreed to.

Title agreed to.

Bill reported.

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

Mr. Knowles: By leave.

Mr. Lesage moved the third reading of the bill.

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

HISTORIC SITES AND MONUMENTS ACT

AMENDMENTS RESPECTING DEFINITIONS, TRAVELLING EXPENSES, ETC.

The house resumed, from Monday, February 28, consideration of the motion of Mr. Lesage for the second reading of Bill No. 182, to amend the Historic Sites and Monuments Act.

Mr. A. M. Fraser (St. John's East): In rising to take part in the debate on Bill No. 182, I should like to remind the house that the province of Newfoundland is singularly rich in records of the past and in historic places. Indeed, as the house knows, this fact was emphasized by the Massey commission in its report, reference to which was made earlier in this debate by the hon. member for Queens (Mr. MacLean). I should like to draw to the attention of this house, and in particular to the Minister of Northern Affairs and National Resources (Mr. Lesage) that one of the historic sites of Newfoundland has recently been offered to the federal government by the government of Newfoundland to be developed as an historic national park. I refer, Mr. Speaker, to the Signal Hill area at St. John's.

Signal Hill, Mr. Speaker, is a site of exceptional historic significance. It is a lofty eminence situated on the east side of the narrows, as the entrance to St. John's harbour is called. On the summit of Signal Hill stands Cabot Tower, a stone building erected to commemorate the fourth centenary of the discovery of Newfoundland by John Cabot on St. John's day, June 24, 1497. Signal Hill dominates the seaward approaches to the capital city of the great island which was Britain's oldest colony and is now Canada's youngest province. Ever since Sir Humphrey Gilbert, that intrepid but ill-fated adventurer

and explorer, took possession of the "New Found Land" in the name of his sovereign, Queen Elizabeth I, on August 5, 1583, Signal Hill has formed a natural bastion guarding this strategic seaport.

In particular, Signal Hill played an important part in the long Franco-British duel for supremacy in North America. Throughout the epic struggle which has been so aptly described as the second hundred years war, Signal Hill provided St. John's with an impregnable defence against direct attack from the sea. As a matter of fact, Mr. Speaker, Signal Hill was the scene of the last battle fought on Newfoundland soil. It was also, I believe, the last land battle fought in British North America between the British and French for the possession of what is now Canada, the great country in which these two historic races now live side by side in amity and peace.

This battle, known as the battle of Signal Hill, was fought on September 15, 1762, in the closing phase of the seven years' war. In the summer of that year, the French had captured St. John's, but a relief force was dispatched in an attempt to recapture the city and that force attacked the French defences which had been organized on Signal Hill. There, on September 15, a decisive battle was fought. The French defences were stormed and after a gallant resistance, Signal Hill was taken. Signal Hill is hallowed by the blood of the brave men of both races who fell in this fierce encounter.

(Translation):

Mr. Speaker, Signal Hill is hallowed by the blood of the brave men of both races who fell in this fierce encounter.

(Text):

After the defeat of the French garrison on Signal Hill, Mr. Speaker, the French occupation of St. John's ended. It was not, however, the last occasion on which St. John's was threatened by the French. In the course of the war of the French revolution, a formidable French fleet, under Admiral Richery, stood in St. John's on September 3, 1796, with the evident intention of attempting a landing. However, Richery was so impressed by the strength of the fortifications and by the martial appearance of the three or four thousand men, including units of the recently formed Royal Newfoundland Regiment, whom the energetic admiral, Sir Richard Wallace, had assembled on Signal Hill, that the French fleet abandoned its designs on St. John's and contented itself with a raid on Bay Bulls.

It is not, however, only in the history of war that Signal Hill has won renown. It is also famous for its intimate association with one of the outstanding achievements of scientific progress. It was in Cabot Tower on Signal Hill that the great Marconi received his historic message from Poldhu in Cornwall on December 12, 1901, and thus established the first communication by wireless telegraph across the Atlantic ocean. Here is how the inventor described that great moment:

> It was about half-past twelve, I remember, when quite unmistakably three faint clicks in the telephone sounded several times in my ear. I listened again and again; but I wanted corroboration. I turned to my assistant: "Can you hear anything, Mr. Kemp?", I asked, handing him the telephone. He listened and heard it too.
>
> Faintly, but with unquestionable certainty, we were receiving signals, tapped by our kite aerial, which had left Poldhu and traversed the Atlantic, serenely ignoring the earth's curve which so many doubters had considered a fatal obstacle.
>
> On the following day the signals were again heard. The great experiment had succeeded.

That is the end of the quotation from Signor Marconi's statement of his feelings at that great moment. Thus, it was on Signal Hill that the historic feat of bridging the Atlantic by wireless was first accomplished.

I trust, Mr. Speaker, that these glimpses of its storied past will justify the claim of Signal Hill to be ranked as one of the most historic sites in all Canada.

I would add however, Mr. Speaker, that Signal Hill is not only a landmark of absorbing historic interest; it is also a place of scenic charm and beauty. It possesses that rugged grandeur so characteristic of the storm-swept shores of Newfoundland. Moreover, its terrain lends itself naturally to landscaping and terracing. From its bold slopes and, above all, from its majestic summit, as one looks landward, there is an incomparable view of the historic city of St. John's and of the lovely countryside beyond. Then, as the eye turns seaward, it beholds the mighty surge of the Atlantic rollers and the ever-changing interplay of sky and ocean.

This, then, is the area which the government of the province of Newfoundland has recently decided to offer to the government of Canada as an area to be developed as an historic national park. The offer was officially announced in St. John's on December 22, 1954, by the Hon. Dr. F. W. Rowe, minister of mines and resources in the provincial government.

I am confident, Mr. Speaker, that the government of Canada will accept that offer in the spirit in which it has been made. By doing so it will give fitting recognition to one of the most historic sites in all this great country.

Mr. G. C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I am sure we have all listened with great interest and pleasure to the hon. member for St. John's East (Mr. Fraser) who has told us about the historic significance of

Signal Hill, on the island of Newfoundland. We appreciate what he has said all the more because we know that the hon. member is an historian in his own right, and one who takes a great deal of interest in the bill now before us. I trust that he will support a suggestion I am going to make in connection with the bill before the debate is concluded.

I think, frankly, that this measure is more important than perhaps would appear from the interest which sometimes is paid to legislation such as this. I think the hon. member for St. John's East will agree with me when I say that in this country we have not always given to the preservation of historic sites the attention the subject deserves. That distinguished Nova Scotian, Joseph Howe, who, I might say, was also a distinguished Liberal—although afterwards he saw the error of his ways and joined the Conservative party—once said that an intelligent people erected monuments to the memory of those who had gone before. I think in this country we have been sadly lacking in that respect. However in my view this bill is a step in the right direction, a step toward correcting the errors we have committed in the past.

Since the hon. member referred to something in his own constituency, possibly I would be pardoned, coming as I do from the most historic constituency in Canada, if I were to follow his example by making reference to my own constituency. Applause was given this afternoon when it was announced that a celebration will take place in the coming summer of the anniversary of the return to Grand Pré of the descendants of the expelled Acadians, and that it will be the 200th anniversary of that event. I am very happy and proud of the fact that the village of Grand Pré, one of the outstanding historic points on this whole continent, is located at one end of my constituency, while at the western part of it lies the little village of Port Royal, the first establishment of the white man north of the gulf of Mexico. At that point this summer we are celebrating the 350th anniversary of the arrival of the white man in what is now North America.

Sometimes my hon. friends from the province of Quebec boast of the fact that settlements were first achieved there. I must say however, without reflecting in any way upon them, that after all a base had to be established first in my constituency in order to get their roots firmly in the ground. And it was from there that Champlain and the others moved on, and went up the St. Lawrence in order to find what they did. Because I am sure if they had not had the Annapolis valley to return to they would have become discouraged and gone back to France before establishing a settlement.

In any event there will be in my constituency this summer those two remarkable anniversaries, a bicentenary in one instance and a 350th anniversary in the other. And so it is fitting that tonight we should pay something more than casual attention to the bill now before us for second reading.

In that connection I would mention that I think it is more important to preserve historic sites than to erect monuments. For instance, at Grand Pré, by a combination of efforts on the part of the railways, religious organizations and possibly others, we have a magnificent park marking the original location of the village. At Grand Pré, we have an exact replica of the Acadian church, and we still have preserved what is presumed to be, and what I believe is, the original well, known as the Evangeline well, from which the people who were confined in the church prior to expulsion obtained their water during the days they were there.

That is an historic site. And I suggest to you, sir, that it is much more important to preserve these sites than to erect monuments which do not attract great interest, and which may be ignored. The government of Canada deserves a great deal of commendation because of the fact that at Port Royal it has restored the original habitation in which the first government of this country was carried on, in which the first trading transactions took place, and where the first residences were established. Some time prior to the war—I think it was either in 1936 or 1937—this government finally obtained in Paris the original plans of the old habitation. It has been rebuilt according to the exact measurements, with wooden pegs—no nails used whatsoever—with isinglass for windows, with skins for walls, and with the partitions set out as they were in the days when Champlain established that habitation so many years ago.

Nothing could be more valuable than an historic site of that kind. I do hope that when this board carries on its work, as it will in the future, it will go further in the preservation and reconstruction of such sites rather than, as I said, proceed with the erection of memorials at the side of a road, memorials which are usually ignored because, when travelling along at 60 miles an hour, one passes these points of interest before he knows what they are and does not bother to turn around to look into them further.

The historic sites and monuments board deserves great credit for the work it has done in the past. For years it operated under orders in council. The members of the board were a group of men who gave their time

gratuitously to this work and, although I believe there was a great deal more that should have been done, the fact that it was not done was not the fault of the board. They were given very little money and, I think, very little encouragement. And yet, it was owing to their effort that there was a renaissance in historic interest in this country. Now that we have a body incorporated in the act which we are amending tonight, I think it is fitting that we pay tribute to these men who for over 30 years carried on as members of the historic sites and monuments board. But there is one matter that I should like to suggest to the minister in this connection. I noticed in the debate which was adjourned a month or more ago the minister was discussing the details of this bill. He pointed out that the membership was increased in Ontario and Quebec from one member to two members. He said that was owing to the fact that the Massey commission had so recommended. With that I agree. I noticed this afternoon the Prime Minister referred to a part of the Massey commission report and said that he supported it and accepted it in that connection. I agree. I suggest to the minister that in connection with the historic sites and monuments board, the Massey report said—and I draw this to the attention of the hon. member for St. John's East (Mr. Fraser), who is an historian in his own right—that two members of this historic sites and monuments board should be nominated by the historical association of Canada, the association of professional historians. I suggest, Mr. Speaker, that this is a recommendation which the minister should carry out.

On the board as it is now constituted we have, outside of the official designations, one member from every province.

Mr. Lesage: And every member is a member of the Canadian historical association.

Mr. Nowlan: Every member may be, Mr. Speaker; I am not questioning the minister on that. If he says so, I accept his word.

Mr. Lesage: Four members are past-presidents.

Mr. Nowlan: I am saying that no member was recommended by the Canadian historical association. Under the orders in council which constituted this historical sites and monuments board in the past, one qualification for membership was that the individual should be a "recognized Canadian historian", and there is no such qualification in this bill. The minister says, of course, that they are all members of the Canadian historical society, but there is nothing to hinder him in the future from appointing someone else who not only may not be a member of the Canadian historical association, but may not have any knowledge whatsoever of history.

The historical association has done a great deal in preserving and perpetuating the history of this country through their papers and their documents, and I think it would be very fitting indeed to recognize the contribution that the association is making to the history of this country. As a matter of courtesy, if nothing else, the association ought to be asked to nominate at least two members to the board, as was recommended by the Massey commission. The minister can say that they are all members of a Canadian historical society. I can tell him that there are some who are disturbed because there is no qualification whatsoever in the act today. The order in council required that members be "recognized historians". That qualification is now omitted from the act.

If it were not for the responsibility of the minister, which we would not question, of course, I would not be so happy about this thing; but there is nothing to limit an appointment which may be made to that board in the future. I do not think it is good enough. I am suggesting that the minister give that consideration and, if not in committee, at least in the very near future, the act should be amended to give recognition to this association which has done so much to preserve the history of this country, and which is so tremendously interested in this matter.

I have one other suggestion to make to the minister in connection with historic monuments. It is true, sir, that there has been an improvement in the monuments which have been erected during the past two or three years. At one time, I know, perhaps I rather hastily described them as looking like piles of nuts outside a squirrel's cage in wintertime. You had this little pyramid of pebbles erected on the side of a road, which certainly should not mark any historic site. Any tourist who saw it would think that any site that was so marked was not worthy of attention in any event. That has been changed to some extent. We are now getting cut-stone monuments, which are an improvement on the old, but they still are not in keeping, I would suggest, with the historic sites which we have to preserve in this country.

At Grand Pré there is a statue of Evangeline, which was brought from France. It is a beautiful bronze statue, one which probably was fairly costly, I grant you, but

one which once seen is never forgotten. I am suggesting, sir, that perhaps there should be fewer sites marked but those which are marked should be marked much more appropriately than they are today. I say with all respect that the type of site marker which we are erecting today does not command the attention and is not worthy of the ground or the particular memorial which it is supposed to indicate. The board has a history of two or three years under the original act. We are now amending the act. We are now taking away, and I think it is an improvement, the suggestion that these men were working for a fee of some kind. That has now been abolished. Certain feelings that were aroused have certainly been assuaged by this. It is a step in the right direction.

I express my opinion that this is one of the more important pieces of legislation with which we have to deal. I am not suggesting for a moment that from the financial or pecuniary angle it is the most important, but so far as secondary bills are concerned, it is one of the more important pieces of legislation with which we have to deal. I am glad to see that the minister is proceeding with this, but I do hope that in the days that lie ahead he will use his influence to see that this board is given more and more support and provided with more and more funds so that we can carry on to a far greater degree the marking of historic sites and the erection of monuments than we have in the past. If that is not done within the next few years, then many of them will have been obliterated entirely.

Mr. G. T. Purdy (Colchester-Hants): Mr. Speaker, Scotland is famed as the land of brave men and virtuous women. New Scotland, Nova Scotia, has followed in the footsteps of old Scotland. No matter whether our forebears were highland Scots, lowland Scots, United Empire Loyalists, pre-revolutionary New Englanders, Yorkshire Methodists, Irish, Lunenburg Dutch, descendants from West Indian slaves, native MicMacs, or, last but far from least, the descendants from French peasants, this tradition prevails. Longfellow's Evangeline is a symbol of the last-named hardy race who were the original settlers in that portion of Nova Scotia referred to by Longfellow as in and around the basin of Minas, but naturally extending beyond those confines. I was therefore astonished to see a headline in the Ottawa *Journal* of March 1, in raised letters, reading: "Longfellow's Evangeline nonsense, eastern member of parliament tells Commons." This heading was based on the remarks of the hon. member for Queens, as reported in *Hansard* of February 28, at page 1591, where he had this to say:

> That may be a fine piece of literary work but from a historical point of view it is utter nonsense. It could not be further from the facts. I think our Canadian children should be made to realize that fact.

It seems to me, Mr. Speaker, that a very proper subheading would have been: "Eastern member of parliament attempts to sabotage Evangeline."

I wonder what the hon. member had in mind when he made these remarks. Did he seek to take away from the area in and around the basin of Minas and Cobequid bay the distinction of being known as the land of Evangeline? Can he point to one instance where Canadian children are being taught that Evangeline and the other characters in Longfellow's poem were actually people? Can it be that he wishes to show the hon. members of this house the results of the extensive reading we all know he has done, or did he follow the example of the small boy who after his father had taken him out behind the barn and told him some of the facts of life rushes out to his chums and tells them that there is no Santa Claus?

It takes a much shorter time to destroy than it does to rebuild, and I crave the indulgence of hon. members for a moment while I endeavour to restore the virtue of Evangeline. The characters in Longfellow's Evangeline did not actually exist, but there were no doubt many similar characters living on those rich Acadian lands 200 years ago who found themselves in the fall of that same year widely scattered, separated from their families with their lands and goods confiscated and their villages levelled to the ground. Evangeline is but a symbol of those people and I suggest that the historical background is far from being utter nonsense, as the hon. member suggested.

Surely he does not claim that there was not an Acadian settlement at Grand Pré as well as many other similar settlements at Pisquid, now Windsor, and other points on the shores of Minas basin and Cobequid bay, or that these people did not suffer the fate indicated earlier. History seems to confirm that the largest assembly of Acadians for the purpose of the expulsion was not at Grand Pré but on the shores of Cobequid bay near where Truro now stands. The location of the church in which the men were imprisoned can still be found and the settlement is now called Mass Town for the very reason I have mentioned. It is also clear that when the New England planters came to take possession of the Acadian lands in this area

the only signs of habitation left were two old barns across the bay from where the church stood. Hence the name Old Barns which this area bears today.

I could go on at length to show that Longfellow's poem has a great background of historical fact but I think I have said enough to prove my point. The hon. member may not share my views and he indicates that he still has doubts, but may I say to him that I have here a booklet entitled "Canada Vacations Unlimited" which is issued under the authority of the Minister of Northern Affairs and National Resources (Mr. Lesage). It makes reference to this and surely the hon. member would not charge the minister with the responsibility of putting out a publication which contains a lot of utter nonsense.

Possibly up to this time my remarks have not followed closely the principle of the bill under discussion but I assure you that from now on I will be strictly in order. At Annapolis Royal we have reconstructed the Habitation thereby perpetuating the memory of Champlain and his "Order of the Good Time". But this reminds us of French noblemen with powdered wigs and knee breeches. What have we to keep before us the way of life of the Acadian peasants who were removed from their lands in the fall of 1755? Surely they made a great contribution to the development of Nova Scotia and I do not believe that in the areas I have mentioned previously, Grand Pré, Windsor, Mass Town, Old Barns, there is one descendant of an Acadian living on the lands formerly owned by his forefathers.

At the mouth of the Ishgonish river, Colchester county, the board has erected a monument to mark the starting point of the old Chignois crossing. This was the route by which the Acadians kept up communication with Louisburg, taking their small boats and canoes up the Ishgonish or Chiganois river as far as possible, then portaging over the hills and relaunching them in the French river, down to Northumberland strait and from there on to Louisburg.

Today near this monument power shovels, bulldozers, pile drivers and all types of modern machinery, directed by a staff of engineers with great heaps of plans and blueprints, are constructing an aboiteau to provide protection to a considerable marsh body and a crossing of the river as part of the trans-Canada highway. This activity is duplicated at many points around the bay of Fundy. They are in most cases erecting dikes to keep the tides off the lands reclaimed from the sea by the Acadians prior to 1755, reclaimed not by modern methods as outlined above, but with the axe, the yoke of oxen and the diking spade. With these crude tools they erected dikes and aboiteaux which stood the might of Fundy tides for generations.

Surely the way of life of these people is worthy of being kept green for the information of posterity. This year we are to be visited by descendants of the Acadians of the expulsion in order to commemorate the period 200 years ago when the cruel hand of fate descended on their forebears.

What a thrill these people would get, as well as others interested, if they could visit a reconstructed Acadian village with its church, its well, its blacksmith shop, its houses and barns. Of course it is now too late for this year, but I suggest that within the four walls of the present act such an undertaking is permissible. If not, could the scope not be extended?

I know that it would cost money, but I also feel that it would pay dividends in years to come. Located at or near the site of the Mass Town church previously referred to it would have the factual historic background of the area. This is one of the few sites of former Acadian settlements located on the route of the trans-Canada highway.

At many points around the land made famous by Longfellow's Evangeline you will still find the forest primeval with its murmuring pines and its hemlocks provided by nature and replaced by nature when man destroys. The Fundy tides go out and the Fundy tides comes in, still rising as much as 60 feet in some places. The dikes built by man, destroyed by tide, time and tempest, are being replaced by man. Why should man not replace one of the Acadian villages built by man and destroyed by man of another race?

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, when I began to speak on the resolution on February 25 I drew the attention of the house to a particular monument in the area which I have the honour to represent which I felt should be preserved for posterity so that at some future date history may recognize something in the far west that was worthy of preservation. I feel that the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) was right when he referred to the monument of Evangeline and that it be recognized. The hon. member said that it was more important to preserve historic sites than to erect monuments. In this instance I would direct the attention of the minister to the fact that I am not asking for the erection of a monument. The monument has been established for some time and I simply ask that it be preserved as a historic site.

On June 15, 1846, the treaty of Washington was signed. This treaty defined the boundary

between the United States and Canada as being a continuation of the 49th degree of parallel on into the gulf of Georgia and then to the strait of Juan de Fuca. There are certain historical incidents which have some romantic backgrounds and in this connection it is interesting to note that no less a personage than Kaiser Bill of considerable fame settled this particular controversy.

Some 15 years after the treaty of Washington was formally signed a monument was erected in commemoration in 1861 by the government of that day. At the present time the site of that monument is half on United States territory with the other half being on a farm belonging to a farmer in British Columbia. This gentleman has seen fit to offer it to our government from time to time but the government has possibly never considered it to be sufficiently significant historically to make it one of our historic sites. However, I wish to draw to the minister's attention that the people of the United States feel differently about their half. They have set aside seven or eight acres and are preparing a park area in that region to commemorate a treaty of long standing between the two nations. I would strongly urge our minister to seriously consider doing likewise in this instance.

I have here an article from the Vancouver *Sun* of September 6, 1952. I am not going to read the entire article because it is quite lengthy, but parts of it do describe the monument much more vividly possibly than I would be capable of doing, and I shall read from this article about the historical significance of the monument itself. Part way down the first column the article says:

> But, somehow, the Canadian government has officially forgotten all about the monument.
>
> "I've written to them, and I've written to them about it," Jordan says—

Mr. Jordan is the gentleman who owns the land.

> —"and still, they won't acknowledge there's any monument here. But the tax collector in Ladner sure knows about it. He charges me for it in my assessment."

This monument is a fair size; it has a 22-foot shaft with a needle-like projection and the names of those who were responsible for the signing of the treaty appear on one side. I might also point out it is one of the few monuments that stand on the border between the two nations. It is possibly the least known of all our monuments. I quote from the article again:

> The needle-like monument bears the names of the border commissioners on the south and north side. The American side contains the name of Archibald Campbell, the U.S. commissioner, and on the north side, Capt. J. Prevost, R.N., Capt. C. H. Richards, R.N., and Lt.-Col. J. S. Hawkins, R.E., "H.B.M. Commssrs."

Mr. Deputy Speaker: Order. I do not wish to interrupt the hon. member but may I point out that we are discussing the principle of the bill on second reading. I observe that that part of the principle is an amendment to the phrase "historic place", but I do believe that we would be extending the debate entirely too far if we allowed at this time a description of various monuments of which there are a great many in Canada. I therefore think that the debate at this stage should be limited to a general debate and that so far as possible, except for the purposes of illustration of the principle, we should refrain from referring to descriptions of particular monuments.

Mr. Hahn: Thank you, Mr. Speaker. I very much appreciate your ruling in this instance. I was merely referring to the article because I believe that very few people in Canada are familiar with the historical significance of this particular monument and because the monument depicts the history of its day on the west coast. I think it is sufficiently important that the hon. members should be somewhat familiar with the historical aspects of it. I shall bow to your ruling and confine my remarks to statements of a more general nature.

The monument of Evangeline was very romantic in its own right in so far as it tells a love story of an individual. I may say, Mr. Speaker, that this monument too has a romance of its own. It tells a different story, of course, a story of a much more shady nature. It tells a great deal about the instances of smuggling which took place between the United States and Canada at that time.

An hon. Member: That is worth remembering.

Mr. Hahn: No; I would not say that we should necessarily remember that particular part of Canadian history, but it is a part of our history. The monument in itself had nothing to do with the shady part of our history but it is located in an area that possibly lent itself to some of this shady business.

Now, Mr. Speaker, the Minister of Northern Affairs and National Resources (Mr. Lesage) is going to be in that area, or in the lower mainland, on May 8, 9 and 10. I have only one request to make of him at this time. I hope that while he is in the area he will make a point of availing himself of some transportation—and if he finds that inconvenient I shall be only too happy to transport

him to the area—so that he might see the area for himself and perhaps be persuaded to set aside a few acres to commemorate this site as the American government has seen fit to do.

In three years' time we will celebrate our centennial in British Columbia and it would give me a great deal of pleasure indeed if at that time I were able to give credit to the present minister and be able to tell the people that this would not have come about except for the minister's foresight in seeing that this monument is preserved for posterity.

Mr. D. S. Harkness (Calgary North): Mr. Speaker, I should like to join with the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) in the tribute he paid to the members of the historic sites and monuments board for the work they have done in preserving historic sites and more particularly in marking them across Canada. The board has been hampered in carrying out that work by limited funds and by the policy laid down by the government under which they have had to operate. I am quite glad to see this bill for this reason in particular, that it changes the definition of a historical building and makes it possible—I think it was quite possible before, actually, but the amendment in the bill makes it certain—to acquire or to mark a building which is of national historical importance because of its age or type of architecture or anything else of that nature.

It seems to me that the policy which we have followed in regard to our historic sites has been a most imprudent one. In this country we have allowed a historic building, a fort or a house or whatever it might be, to fall completely into disrepair and the rubble that was left was in many cases carried away so there was practically nothing left to show that a historic building had been there. Then many years later we would erect a cairn and put a plaque on it to indicate it was a historic site. As the hon. member for Digby-Annapolis-Kings said, people driving along the highway see a small cairn of that sort and they are past it in most cases before they are in a position to stop and look at it. Another disadvantage is that there is nothing beyond the cairn to attract their attention which would make them think it is worth while stopping. It seems to me the policy we should follow is to prevent our historical buildings from falling into ruin.

I would hope that the historic sites and monuments board might be given a different policy. I am quite sure they would be only too happy to take part in the work of preservation and restoration of some of the historic buildings existing in this country which are rapidly disappearing at the present time. There are numerous examples of that sort of thing. There is one not very far from Ottawa. I refer to what is known as Langton house at Fenelon Falls which was built shortly after 1800. It is of particular interest because there happens to exist an itemized account of what practically every board and fitting in the house cost. I believe it is the only house of its kind in the English-speaking part of Canada. I do not know about the French-speaking part of Canada. The house is falling rapidly into decay at the present time. In three or four years it will be gone and its considerable value as a historical building, arising from the detailed accounts that exist regarding it, will completely disappear.

I make a plea to the government to change their policy with respect to historical buildings in particular and to adopt a policy of acquiring and preserving such buildings. In many cases it is not necessary for the government to pay any money to secure them because the people or societies involved will be glad to turn them over to the government. In some cases, such as the building I cited, they are waiting to be taken so that something can be done with them. As far as restoration is concerned, I think the amount of money which might be employed in that way would not materially affect the general balance of payments, and it is the type of expenditure which the people of this country will not only be willing to have made at this time but which our children and grandchildren will be extremely glad we were far-sighted enough to make.

Mr. J. M. Forgie (Renfrew North): Mr. Speaker, like all hon. members, I support the bill. In my section of the country, the Ottawa valley, we have the Ottawa valley historical association which also includes the county of Pontiac on the Quebec side of the Ottawa river. The Minister of Public Works (Mr. Winters) has just recently, by his persistent efforts, completed negotiations for the construction of the Allumette bridge connecting the provinces of Quebec and Ontario in the Ottawa valley. Mid-stream in the river lies an island of about 450 acres known as Morrison's island. Because of the projected construction of the bridge the island is now becoming more important, and it is the intention of the historical society to ask the directors of the historic sites and monuments board of Canada, which has been doing a most commendable job on a small amount of money, to consider, if deemed advisable,

the acquiring of Morrison's island as a historical site. The society will receive the support of all sections of our community in this application.

It was on this island in the seventeenth century that Samuel de Champlain and his companion, Nicolas de Vignau, bivouacked for some time on their journey westward in search of what was believed to be Cathay, now known as China. Champlain bivouacked on the island for security reasons because off the northern shore of the island there is fast, white, running water and off the southern shore there are what are known as the Lost Chenail rapids which no man, as far as we know, has ever attempted to run and survived.

The leader of the Algonquin tribe, Chief Tessouat, took Samuel de Champlain to this island to safeguard him from the enemy tribes. History reveals that while Champlain was on the island he was impressed with the extensive cemetery of the savages with its sepulchres and shrines, and it is believed that on this island a rich find awaits the archaeologist, possibly a lost Algonquin village which would rival in national importance the Fort Ste. Marie site near Midland. It would be a pity indeed if the island were sacrificed for commercial reasons. At the proper time we hope to bring this matter to the attention of the board of directors in an effort to have the island pinpointed as a memorial site.

Mr. H. J. Robichaud (Gloucester): Mr. Speaker, it is not my intention to delay the passing of the bill by getting involved in a long debate, and I can assure the house I will be very brief. However, I want to congratulate the minister on introducing these amendments to improve the efficiency and effectiveness of the Historic Sites and Monuments Act. I want to refer to certain remarks made in the house by the hon. member for Queens (Mr. MacLean) when speaking on second reading of the bill on February 28 last. These remarks have also been referred to tonight by the hon. member for Colchester-Hants (Mr. Purdy).

I realize, Mr. Speaker, that the poem, "Evangeline", cannot be regarded as an historical document and no one has ever insisted that it be regarded as such. It is obvious that the poet used his imagination in the details of what he called, to use his own words, "The Tale of Acadie". I have read over and over again the poem in question, the text of which I have before me at this moment. From my own judgment, far from calling this literary work "utter nonsense", I cannot but admire the American poet for his literary efforts based on an historical fact which no right-thinking Canadian can deny.

I can assure my hon. friend, and I regret his absence from the house this evening, that at no time will I hesitate to recommend the reading of Longfellow's poem "Evangeline" to any one of my eight children. To Acadians the name "Evangeline" is one of tribute to a memorable page of Acadian history, a page which ended in happiness and success. The name Evangeline has been adopted for our French language daily newspaper, *L'Evangeline,* published at Moncton, and has been recognized for generations as a name of tradition and romance not only by Acadians but by the great majority of our Canadian population, and even in a number of foreign countries.

(Translation):

It seems to me, Mr. Speaker, that the member for Queens (Mr. MacLean), whose fondness for books is well known and who likes looking for information in historical works whenever he has an opportunity of doing so, should know better than to say that a tradition based on an event in our history is nonsense and contrary to fact. Longfellow's poem "Evangeline" is not of course an attempt to narrate in detail and with historical accuracy one of the memorable events of our history. On the contrary the author merely uses his imagination to remind us of one of the incidents relating to an event which is itself commemorated by an historical monument known as Evangeline's well, in Grand Pré. The member for Queens should recognize that, in this instance, no effort was spared in putting up a monument as artistic and as realistic as possible in a corner of the country known as "the land of Evangeline".

May I remind the house, Mr. Speaker, that Longfellow's poem "Evangeline" is recognized in the schools' curriculum approved by the New Brunswick department of education, which is certainly not in the habit of allowing our children to be taught facts which do not stand up and which could mislead them. I have here the first volume of the poetical works of Longfellow, containing the poem "Evangeline". I regret being unable to find in it any of these facts "which could mislead us and which do not stand up". Could they be, for instance, the events described, such as the deportation, the hardships, the searches? Could it, perchance, be the part that describes the Acadians as a peace-loving and happy people? The hon. member might be well-advised to satisfy his curiosity and to refresh

his memory by consulting the works of the Canadian historian, Dr. J. Clarence Webster, whom he himself quoted.

The whole Acadian people would be honoured if, this year, the Minister of Northern Affairs and National Resources (Mr. Lesage) could come to the land of Evangeline and join us in the celebrations to commemorate the bicentenary of the 1755 deportation.

I take advantage of this opportunity to invite him on behalf of the whole Acadian people.

(Text):

Mr. H. J. Murphy (Westmorland): I wish to take part in this debate and join with my colleagues from New Brunswick, the hon. member for Gloucester (Mr. Robichaud) and the hon. member for Colchester-Hants (Mr. Purdy), in making a few remarks that arise out of the statement made by the hon. member for Queens (Mr. MacLean). This statement is reported in *Hansard* for February 28 at page 1591, and reads as follows:

> In that connection, we should not be misled by such fanciful literary efforts as the poem "Evangeline". That may be a fine piece of literary work but, from a historical point of view, it is utter nonsense. It could not be further from the facts. I think our Canadian children should be made to realize that fact.

This statement, made this year which is the bicentennial anniversary of the expulsion of the Acadians of Grand Pré, comes as a distinct shock to us in the Moncton-Westmorland area. The city of Moncton will be the centre of a reunion of the Acadians this year. It is expected that many tourists from the United States of Acadian descent living in Louisiana and elsewhere will journey to Moncton to take part in the bicentennial.

This winter over 100 Acadians from our district journeyed to Louisiana and attended the festivities marking the opening of the celebration of the bicentennial of the expulsion of the Acadians. At St. Martinville they visited the burial place of Emmeline Labiche who, according to the stories handed down through the generations, was supposed to have been the real Evangeline. No one expects the details of the poem to be factual, but the background material upon which the poem is based is historical. This literary work has, through the years, been a cause for binding the Acadian people together, and Evangeline has been the symbol of their social, religious and material progress through the last two centuries.

Mr. Harkness: On a point of order, Mr. Speaker, this is the third speech we have had read here tonight on this same subject. I think if anyone, the present speaker or anyone else, is going to speak on this subject, he should not read his speech.

Mr. Murphy (Westmorland): I am not reading my speech. I am referring from time to time to my notes, as many members of the opposition have done. It would seem to me that more speeches are read from the other side of the house than from this side of the house, although we are too polite to say so.

Mr. Fleming: Nonsense.

Mr. Murphy (Westmorland): The bicentennial celebrations are not meant to mark the hardships suffered by the Acadian people nor the differences in this land of ours at that time, but are festivities marking the march of progress by these people from their status at that time to the proud race that comprises a large proportion of our population in New Brunswick, who have contributed so much to the advancement of our communities.

I have the pleasure of representing in this house a constituency made up of a substantial number of people of Acadian descent. The visitors to Westmorland county this year will hear the songs of old Acadia, will hear the singing of Evangeline, and if they pursue their visit to Nova Scotia will see the statue of Evangeline standing on a piece of land granted by the Canadian Pacific Railway to the Acadians for perpetuating the historical facts of the expulsion of the Acadians. I consider the statement made by the hon. member for Queens an insult to the 270,000 people of Acadian descent—

Mr. Speaker: Order. I hate to interrupt the hon. member but it seems to me we are getting away from the subject matter of the bill. Great latitude has been taken in this debate. I know that attempts have been made from time to time to keep members within the ambit of the principle of this bill, which I do not think offers the scope which would allow members to speak in the manner they have. I have been listening attentively to the hon. member and much of his speech is a repetition of the speech we have just heard. I am sure the hon. member knows that according to standing order No. 40, paragraph 2, he should not repeat his own arguments or the arguments used by others in the same debate. I hope, therefore, he will not repeat arguments that have already been used.

Mr. Murphy (Westmorland): I had just about concluded my remarks, which were meant to show that this statement concerning an historic site made by the hon. member

for Queens was not in accordance with the facts. I had no way of knowing, since I have been attending committees all day, who was going to speak or what they would say. In closing, I wish to say that this remark is a reflection on the 15,000 Acadians in Prince Edward Island, as well as the 270,000 in New Brunswick and Nova Scotia.

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

On clause 1—*Historic place.*

Mr. Herridge: I shall be very brief, Mr. Chairman. I am very glad to see this definition of historic sites, because it will remove a lot of ambiguity that has occurred in the past. I rise to say that I cannot agree with the hon. member for Digby-Annapolis-Kings that no historic monuments should be erected. I feel the board should continue marking sites that require marking. I cannot agree with his suggestion that the present monuments are not appealing to the eye or satisfactory. I think they are of good design, excellent structure and size, and are witnesses to some historical event of the past.

Mr. Nowlan: On the matter of monuments, it is a question of taste. I have expressed my views on that and I am not going to quarrel with the hon. member for Kootenay West (Mr. Herridge). I do agree with him, and I am glad to see that this definition of historic sites is a national thing. I think that is something the minister should keep in mind. In my own province the provincial government has purchased and has developed sites of provincial significance. I hope the minister will see that matters of provincial interest will be developed by the provinces only and that sites of national importance will be looked after by this board.

Apparently it does not do to indulge in a sense of humour in this chamber. We have heard tonight a series of three speeches, all of which, as my colleague has just interjected, were apparently written by the one person—

An hon. Member: Are you sure of that?

Mr. Nowlan: —and all aimed at the hon. member for Queens. I feel that any historian will agree with what he said, that there are some errors in that literary work. After all, however, I am not one to quarrel with that because it has been one of the greatest forms of publicity for my constituency.

Mr. Dinsdale: Mr. Chairman, section 1 emphasizes the inclusion of buildings or structures that are of national interest by reason of age or architectural design. I would say briefly that it seems to me there has been a tendency to emphasize more recently—

The Deputy Chairman: Order.

Section stands.

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy of His Excellency the Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act respecting the London and Port Stanley Railway Company and the corporation of the city of London.

An act respecting the Bonaventure and Gaspe Telephone Company, Limited.

An act to implement an agreement between Canada and Ireland for the avoidance of double taxation with respect to income tax.

An act to implement an agreement between Canada and Ireland for the avoidance of double taxation with respect to succession duty.

An act to amend the Members of Parliament Retiring Allowances Act.

An act to amend the Canada Grain Act.

An act to amend the War Veterans Allowance Act, 1952.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1956.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow, as has already been announced, we shall continue the debate on external affairs, and if it is concluded we shall continue the debate on the motion to go into supply with, I take it, unanimous consent that we can do it on Friday.

It being ten minutes past ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, April 1, 1955

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

First report of standing committee on standing orders.—Mr. Harrison.

Second report of sessional committee on railways and shipping owned, operated and controlled by the government.—Mr. Cavers.

Third report of special committee on estimates.—Mr. Tucker.

NORTHERN AFFAIRS—TRANSPORT

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Hon. W. E. Harris (Minister of Finance): I should like to move:

That items numbered 293 to 333 inclusive, 541, 542 and items numbered 469, 473, 478 and 479 of the main estimates, 1955-56, approved and reported upon this day by the special committee on estimates and by the sessional committee on railways and shipping owned, operated and controlled by the government, be referred back to the committee of supply.

Motion agreed to.

PRECIOUS METALS MARKING ACT

AMENDMENTS RESPECTING TRADE MARKS, QUALITY MARKS, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the first reading of Bill No. 306 (from the Senate), to amend the Precious Metals Marking Act.

Motion agreed to and bill read the first time.

EXTERNAL AFFAIRS

RUSSIA—SUGGESTED EXCHANGE OF PARLIAMENTARIANS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Secretary of State for External Affairs. Has he had an invitation from the U.S.S.R. for an exchange of parliamentarians? What is the reaction of the government, and what are the circumstances under which the offer was made?

Hon L. B. Pearson (Secretary of State for External Affairs): I am grateful to the hon. gentleman for giving me notice of this question. It deals with a matter which I had hoped to include in my remarks winding up the debate on external affairs. But in view of the fact that I might not have that opportunity today, and in view of the interest in this matter, possibly I could answer by reading a short statement concerning it.

Hon members have shown, of course, an understandable interest in the declaration of the Supreme Soviet of February 9. After making strong and grossly misleading attacks on the policies of this and allied governments, that declaration does include three paragraphs at the end on the desirability of direct contacts between parliaments throughout the world. Presumably, Mr. Speaker, that is the invitation to our parliament.

When news was first received from Moscow of this declaration by our ambassador in Moscow, it will be recalled that the Prime Minister (Mr. St. Laurent), in answer to a question, replied as follows:

The suggestion that has been reported will no doubt come to us in some more official manner than merely this report in the newspapers, and it will certainly be given careful consideration.

The Prime Minister went on to say:

I think the situation is such that we should all do our best to take advantage of any suggestion that might bring about an easing of the tension in the world.

The official text of the Soviet note to our embassy in Moscow on this subject and the declaration have both now been received and have been transmitted to you, Mr. Speaker, and to the Speaker in another place for the information of members of parliament. And consideration is being given, I understand, as to how this matter can best be brought to the attention of those directly concerned.

So far as this government is concerned, it has been our constant view that there is a continuing need for contacts between the Soviet union and the non-communist world. It is not we who have lowered the iron curtain; and we would welcome opportunity, I am sure, for genuine, as distinguished from propaganda, contacts, between peoples and between their parliamentary representatives.

We could have wished, I think, Mr. Speaker, that the declaration in question might have been couched in language less reminiscent of the too-familiar propaganda line uttered by Soviet representatives at official conferences, and disseminated through their less official channels outside, and that it had not been approved by the Supreme Soviet so quickly,

with customary unanimity, and in the shadow of Mr. Molotov's speech on foreign affairs of the same date which dwelt on the need for Soviet policy to take into account what he called significant contradictions both between individual capitalist countries and within these countries. So, having regard to the background of this declaration, of which this invitation is a part, there is need for us, I think, to be cautious, but not necessarily to turn a deaf ear to the suggestion which has been advanced.

I am not convinced, myself, by the argument that the propaganda intentions of the Soviet government, their unending lack of cordiality with the West in so many spheres of our relations and the lack of deeds to support their protestations of friendship, means that Western countries should not respond at all to gestures of this kind. The implications of such an argument as that might be that we should take no initiative to improve relations, because the Soviets would interpret it as a sign of weakness and would speak of a further communist victory.

There is, therefore, as I see it, much to be said for giving serious consideration to invitations of this kind, whatever their background may be, and there is certainly a good deal to be said for visits by Canadian parliamentarians to the Soviet union either individually or as a group in response to invitations which would be of a kind to make the visit worth while.

It might also I think be valuable to receive Soviet parliamentarians in this country—which is, of course, not the same thing as inviting members of a visiting delegation to participate in the deliberations of the House of Commons. Nor—and I think it is only fair to add this—has the word "parliamentarian" the same meaning in Moscow as it has in Ottawa, especially in relation to the opposition.

If and when such visits took place, I think we should never neglect, nor would we wish to neglect, any opportunity to create the conditions which might lead to a better understanding between peoples. In a world living under the shadow of the hydrogen bomb, it is of course essential that such an understanding be reached. And that is only possible if one side succeeds in convincing the other that they are not bent on mutual destruction.

And so, if no obstacles were put in the way of holding free and frank discussions during any such visit to Moscow—there would certainly be no such obstacles in Ottawa—I think it should not be difficult for members of parliament to convince representatives of the Supreme Soviet of the U.S.S.R., or the people of that country, that we in Canada have no such design of mutual destruction.

Mr. Diefenbaker: Mr. Speaker, I am glad that we are going to have the opportunity to know what an opposition is. However, I would like to ask the minister to elucidate one thing, and that is this: Who transmitted the invitation? Was it official in any way, and from whom was it received?

Mr. Pearson: The invitation consisted of a three-paragraph declaration made before the Supreme Soviet of the U.S.S.R. That declaration, including those paragraphs, was transmitted officially by the foreign office of the Soviet union to our embassy in Moscow.

The translation from the Russian reads:

The ministry—

That is, the foreign ministry of the Soviet union.

—would be grateful to the embassy for transferring such declaration to those for whom it is intended.

When that came to the department at Ottawa we assumed it was intended for the two houses of parliament, and therefore was forwarded by us to the Speakers of the two houses.

Mr. Knowles: May I ask a supplementary question? Does the invitation suggest that any visiting parliamentarians might speak before the Supreme Soviet? Also, may I ask if any corresponding invitation has been extended from Canada to the Soviet union?

Mr. Dickey: You may get a chance to speak there.

Mr. Pearson: The invitation is not quite as —if this is the right word—is not quite as specific as that. Probably I should read the paragraph from the declaration which would be considered as containing the invitation. It reads:

The Supreme Soviet of the Union of Soviet Socialist Republics considers that the establishment of direct links between parliaments, the exchange of parliamentary delegations, and speeches by parliamentary delegations of one country in the parliament of another, will correspond to the desire of the people for the development of friendly relations and for co-operation.

Technically, I am sure we would find that a little difficult to implement in this particular parliament. And I have no doubt, as the Speaker of the House of Commons at Westminster indicated in their case, it would be a breach of our customary privileges and traditions to include delegations of that kind from any country on the floor of the house for parliamentary discussion. But it may be that it is not intended the invitation be taken quite

so literally, and that all it involves is an exchange of views between parliamentarians of each country.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, since this is a general statement, perhaps I might ask the courtesy to make some comment, in view of the fact that the Secretary of State for External Affairs (Mr. Pearson) has, very properly, drawn a great distinction between the position of the Leader of the Opposition in this house and that in the Kremlin.

He has also drawn attention to the fact that there has been a substantial change in Russia in these past few years because, for the first time since Lenin came to power, we have seen an opposition take form and be successful. Their methods, of course, of disposing of those who have been in power earlier are not in accordance with our system—and I hope they never will be.

But may I strongly support the statement made by the Secretary of State for External Affairs that the more opportunity there is of movement back and forth across the curtain—under appropriate assurance of return —the better it will be for everyone. Undoubtedly nothing could better contribute to an understanding of the weakness of the communist system than for a great many people from Russia to see that freedom with which we exchange ideas here in the House of Commons. And, by the same token, I should think nothing would more firmly establish the convictions of our own people in regard to our own methods than that they should see what takes place in Russia.

Without in any way taking exception to the terms which the Secretary of State for External Affairs has used as to the question of the appropriateness of the term "parliament" in relation to the particular place in which they gather in Russia to hear the dictates of the Supreme Soviet, we must remember that the word "parliament", after all, comes from the world *parler*; and the one thing they cannot do is speak—except to make appropriate sounds at times prescribed by the ruling authority.

Whatever objections we may have to what is done here, there is plenty of evidence of the fact that we still can speak, and there is a distinction in regard to the two methods. But most certainly, everyone who has an opportunity to go there under an appropriate arrangement will gain some advantage by seeing what communism is actually like in Russia itself. I would hope that under appropriate arrangements it might be possible for some of the members of this parliament to go to Russia and to have some of them come here. Under our rules they cannot speak here, and I do not know anyone in our house who could speak over there so that they could understand it; but the fact remains that it would be an opportunity to gain information, to extend the contacts; and at this time what we need more than anything else is some meeting between the people who themselves in the end will decide whether there is to be peace or war.

ATOMIC ENERGY

PRESS REPORT OF PROBABLE GENETIC DANGER

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I should like to direct a question to the Prime Minister. I wonder whether his attention was drawn to an article in today's *Globe and Mail* in which the head of the physics department of London university has warned us of the probable genetic danger if atomic bomb tests continue? Can the Prime Minister tell us whether this government is prepared to initiate that study into the danger that the United States federation of scientists asked for recently?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, my attention has not been drawn to the article in this morning's *Globe and Mail,* but I have seen similar articles in other publications at other times. This is a matter which has, no doubt, given serious concern to those who feel that they have a background which would enable them to have some well based opinion upon these subjects. It is a matter that is being seriously studied here and elsewhere, but the Canadian government has not decided to take the initiative in the study of the problem.

HOUSING

SUGGESTED EXTENSION OF PROVISIONS OF HOUSING ACT TO OLDER HOUSES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Public Works whether he has now had an opportunity of discussing with the president of Central Mortgage and Housing Corporation the question I raised in the house on Wednesday, and whether he is now in a position to comment on my question as to whether it is government policy to do what was recommended in his speech on Tuesday by the president of Central Mortgage and Housing Corporation that the lending provisions of the National Housing Act should be extended to include older houses? If that is not government policy, how does it happen that the president of Central Mortgage and Housing Corporation comes to make such public statements in the realm of policy?

Inquiries of the Ministry

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I have had the opportunity of discussing this matter with the president of Central Mortgage and Housing Corporation, who says he had no intention whatsoever of making any statement that could be interpreted as government policy.

Mr. Fleming: Was it a feeler?

Mr. Winters: There certainly was no intention to put it out as a feeler. There was an interpretation put on certain remarks that were made in the course of a panel discussion and not from a prepared text. It was in no way intended to forecast or indicate government policy.

Mr. Fleming: Will the minister indicate what is government policy on the subject?

Mr. Winters: Government policy is as set forth in the National Housing Act, 1954.

Mr. Fleming: No more?

NATURAL GAS

REQUEST FOR CONSTRUCTION OF PIPE LINE TO SERVE WINNIPEG

On the orders of the day:

Mr. O. C. Trainor (Winnipeg South): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. A question of mine, directed to him yesterday, the right hon. gentleman declined to answer on the ground that the basis of the question contained information of which he was not aware. There were two items of information in the question: one, that there was an adequate supply of natural gas in Alberta; and, two, that there were private interests prepared to build a pipe line to Winnipeg. I presume the minister does not wish to maintain that he is unaware—

Mr. Speaker: Order. Will the hon. member be kind enough to put his question?

Mr. Trainor: The question is, Mr. Speaker, if I may presume to enlighten the minister—

Mr. Knowles: That is not in order in this parliament.

Mr. Trainor: —there was a company known as the Western Pipe Lines that applied to him for a permit—

Some hon. Members: Order.

Mr. Trainor: So far as I know, the principals of that company are not dead yet, and I am sure they would be prepared to build this pipe line.

Mr. Speaker: Order.

[Mr. Fleming.]

GRAIN

REQUEST FOR DATE OF FINAL PAYMENT ON 1953-54 POOL

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Minister of Trade and Commerce. Is the minister in a position to say whether the final payment on the 1953-54 pool will be announced before the Easter holiday? Is he in a position as yet to say what the total amount for distribution will be?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I was looking into that question not later than yesterday. I doubt whether we shall have the figures by adjournment time. However, they will be put out by the wheat board as soon as they are available. I do not know what they are.

Mr. Diefenbaker: How soon?

Mr. Howe (Port Arthur): In three or four weeks' time, probably.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed, from Thursday, March 24, consideration of the motion of Mr. Pearson:

That items numbered 92 to 111 inclusive of the main estimates, 1955-56, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, when the secretary of state of the United States landed at Uplands airport a little over two weeks ago, one of the first statements made by him was of great interest to me. He was reported in the press as follows:

In his brief statement at the Canadian airport, Mr. Dulles referred to Canada as "a Pacific power" and said he looked forward to talks with Canadian ministers during his two-day visit.

Some of us have been trying to emphasize that fact for several years, and yet it must have come as a surprise to many hon. members that the United States secretary of state would make a statement of that kind. Of course, it is very true; Canada is, and has been for some years, one of the leading Pacific powers. Today the greatest threat to civilization is in the Pacific.

I propose to speak this afternoon as one of those Canadians, living west of the Rockies, whose outlook is to the Pacific, and to those nations which lie around that great ocean. After all, Canada is in the north Pacific where

there has been actual armed aggression for nearly five years, starting with the North Korea attack on South Korea in June of 1950. Now, we have in Korea an uneasy truce which has been broken by North Korea and by the red Chinese on more than one occasion. I need only remind Your Honour that eleven United States airmen are still being held by the red Chinese in violation of the terms of that truce agreement. Our own Secretary of State for External Affairs (Mr. Pearson) indicated in this house on March 22 the nature of aggression by red China. The minister was asked by the hon. member for Winnipeg North Centre (Mr. Knowles) about a proposal by the United States that certain clauses of the Korean armistice agreement should be denounced. This is what the minister had to say, as reported on page 2250 of *Hansard:*

> That situation is a difficult one because of violations by the North Korean government of article 13D of the armistice agreement which prohibits the importation into Korea of military equipment and because of the inability of the neutral nations supervisory commission set up by the United Nations, which has two communist members out of four, to take effective action to control such imports. Proof of the violation of this article was indicated on February 5 when communist jet planes attacked a United States aircraft. These jet planes were based on North Korea, though there had been no jet planes based on North Korea before the armistice.

In addition to the fact that there have been these breaches of the armistice agreement we know that once the armistice had been negotiated the red Chinese turned their attention to Indo-China and in due course took over the northern part of Viet Nam. We now have aggression and threats against Formosa. At the moment the red Chinese are exceedingly truculent and I have verification of that fact by the Secretary of State for External Affairs who spoke on Thursday last in this debate. I quote from page 2341 of *Hansard* of March 24 as follows:

> And so we cannot ignore in this connection the communist intention, loudly and frequently proclaimed, to attack and occupy Formosa and the islands.

I would point out that in the Pacific area there is no protective fence such as we have in the Atlantic in the form of the North Atlantic Treaty Organization. The only agreements for maintaining peace in the Pacific consist of several bilateral treaties between the United States and other countries, one with Japan, another with South Korea, the third with nationalist China and a fourth with the Philippines. In addition there is the Southeast Asia Treaty Organization, the member nations of which are the three Asiatic nations of the Philippines, Thailand and Pakistan; also our sister commonwealth nations of Australia and New Zealand; and France, the United Kingdom and the United States. Finally, there is the tripartite treaty between the United States, Australia and New Zealand, which as hon. members know is called the ANZUS treaty.

These various nations to which I have just referred have established a line of defence which includes the Aleutian islands, which stretch out for several hundred miles west of the mainland of Alaska, Japan, Okinawa, Formosa, the Philippines, southeast Asia, Australia and New Zealand. This line of defence has been in existence for some time and it is the line of defence nearest to communist China.

This brings me to the question of Formosa. In June, 1950, when North Korea started the aggression against the republic of Korea the United States seventh fleet was ordered to protect Formosa from communist invasion. This year we have had threats by the communists that they were going to take Formosa. On January 24, President Eisenhower delivered his famous message to the United States congress and I should like to read the pertinent paragraphs of that message dealing with the importance of Formosa. The President had this to say:

> In unfriendly hands, Formosa and the Pescadores would seriously dislocate the existing, even if unstable, balance of moral, economic and military forces upon which the peace of the Pacific depends. It would create a breach in the island chain of the western Pacific that constitutes, for the United States and other free nations, the geographical backbone of their security structure in that ocean. In addition, this breach would interrupt north-south communications between other important elements of that barrier, and damage the economic life of countries friendly to us.
>
> The United States and the friendly government of the republic of China, and indeed all the free nations, have a common interest that Formosa and the Pescadores should not fall into the control of aggressive communist forces.

That was a clear-cut declaration by the President of the United States, a declaration which I believe accurately reflects the opinion of the American people.

What about Canada? The following day, on January 25, the Secretary of State for External Affairs was asked by the hon. member for Rosetown-Biggar (Mr. Coldwell) for the views of the Canadian government on this question of Formosa. I do not intend to refer to the statement made by the minister in reply to that question, but when he had finished I asked a supplementary question, to be found on page 499 of *Hansard* and which reads:

> May I ask the Secretary of State for External Affairs a further question? Does the Canadian government take the stand, or does it not, that Formosa is in the first line of defence for Canada's west coast?

Here is the minister's answer which I suggest is rather surprising:

That also is another question dealing with far-reaching matters of strategy on which I would hesitate to express an opinion at this moment.

The other day when he delivered the opening speech in this debate the minister made another statement about Formosa, to be found on page 2342 of *Hansard*. He said:

—we have to recognize that in dangerous times like these positions which are demonstrably of tactical or strategic advantage in the struggle with communist aggression or imperialism cannot likely be abandoned in the face of communist threats by those who hold them.

Then he went on to make this significant statement:

Formosa is considered by many to be one such important position.

No attempt to say what he thought or what the Canadian government thought, merely the most indefinite statement that Formosa is considered by many to be one such important position.

When the minister speaks he sometimes reminds me of an incident which occurred in a Vancouver court a number of years ago when a Chinese witness was under interrogation by a counsel through an interpreter. The counsel put a question to the interpreter and then there followed about 15 minutes of dialogue between the interpreter and the witness. Finally the counsel became desperate and could wait no longer. He said, "Well, well, what does he say?" And the answer came back, "He says yes".

Now, there is one big difference between the witness in that incident and the minister, in that one frequently can never be certain whether the minister says yes or no.

This Formosa policy of the government is extremely indefinite and I submit that the Canadian people are entitled to have an answer to the question which I asked on January 25. In other words, does the Canadian government take the stand, or does it not, that Formosa is in the first line of defence for Canada's west coast?

I believe that Formosa is in fact in the first line of defence for Canada just as it is for the United States. Canada is much nearer to Asia than is the United States, apart, of course, from Alaska. Canada is on the route from Siberia which, as we know, is Russia in Asia, to the United States. During the war many Russian airmen flew United States lend-lease planes from Edmonton up through the northeastern corner of British Columbia, across the Yukon and Alaska over the Bering strait to Siberia. Canada is nearer by sea to Siberia and red China than is the United States, apart from Alaska. The Russians have a great submarine fleet. If there should ever be submarine attacks across the Pacific ocean the Canadian coast would be a closer target than the coast of Washington, Oregon or California.

I point out to hon. members what happened during the second war. The day after Japan struck at Pearl Harbor we had an air alarm in Vancouver and the entire city was blacked out. It was believed that Japanese planes were attacking that city and, as a matter of fact, Canada had on her coast at that time as many planes as could be carried on one Japanese aircraft carrier and most of the Canadian planes were obsolescent. Later we had an attack by a Japanese submarine on the west coast of Vancouver island. Then we had Kiska in the Aleutians seized by the Japanese and an attempt was apparently made to attack Dutch Harbor which was the next United States air base to the east. This was supposed to have been prevented only because the United States air force flew out beyond the Japanese ships and then flew back in at them, with the result that the Japanese thought there was a United States force in the rear.

On the west coast of Canada during the last war—less than ten years ago—we had two Canadian divisions, one to protect Vancouver island and the other to protect Prince Rupert. We had an armoured train operating on the Canadian National Railways from Prince Rupert for 100 miles inland up the Skeena river to Terrace. On the west coast we know what it means to have no defence line for Canada off the Asiatic coast. Now, in 1955, Canada is a prime target. Today this country is worrying about continental defence and quite rightly so. Canada and the United States are prime targets at the present time.

I remind hon. members that the policy of Canada has always been to defend herself as far as possible from her own shores, and that policy is more important today than it has ever been before both in the Atlantic and the Pacific. An attack on the west coast or by air through Alaska would be very unlikely while Japan, Formosa and the Philippines are held by the free nations. On the other hand, if Formosa is allowed to fall or is given to red China, as some of the members of this house on my left seem to advocate, then the first line of defence for Canada has been broken.

Therefore I repeat that the Secretary of State for External Affairs should give the Canadian people an answer to my question about Formosa when he closes this debate. The people of Canada are entitled to leadership on that question.

President Eisenhower has given leadership. In his message to congress delivered on

January 24 of this year he gave red China fair warning that the Americans would fight to protect Formosa. In giving them that warning he left himself room for bargaining with regard to the offshore islands of Quemoy and Matsu. I quote again from his message. He said:

Moreover, we must be alert to any concentration or employment of Chinese communist forces obviously undertaken to facilitate attack upon Formosa, and be prepared to take appropriate military action.

I do not suggest that the United States enlarge its defensive obligations beyond Formosa and the Pescadores as provided by the treaty now awaiting ratification. But unhappily, the danger of armed attack directed against that area compels us to take into account closely related localities and actions which, under current conditions, might determine the failure or the success of such an attack.

Later he continued:

In the interest of peace, therefore, the United States must remove any doubt regarding our readiness to fight, if necessary, to preserve the vital stake of the free world in a free Formosa, and to engage in whatever operations may be required to carry out that purpose.

The president went further; he said they would welcome action by the United Nations. He was very careful to make that clear in his message. He said:

Clearly, this existing and developing situation poses a serious danger to the security of our country and of the entire Pacific area and indeed to the peace of the world. We believe that the situation is one for appropriate action of the United Nations under its charter, for the purpose of ending the present hostilities in that area. We would welcome assumption of such jurisdiction by that body.

And again he said:

Again I say that we would welcome action by the United Nations which might, in fact, bring an end to the active hostilities in the area. This critical situation has been created by the choice of the Chinese communists, not by us. Their offensive military intent has been flaunted to the whole world by words and by deeds. Just as they created the situation, so they can end it if they so choose.

Not only did he do that but he has restrained nationalist China by making them vacate the Tachen and Nankishen islands. In addition he went to congress for approval of his policy in the very finest parliamentary tradition and he received overwhelming support—practically unanimous support—from the congress of the United States.

When I hear attacks made on the United States in this house I wonder if those who are making them have read this resolution passed by congress. It reads:

Whereas the primary purpose of the United States, in its relations with all other nations, is to develop and sustain a just and enduring peace for all; and

Whereas certain territories in the west Pacific under the jurisdiction of the Republic of China are now under armed attack, and threats and declarations have been and are being made by the Chinese communists that such armed attack is in aid of and in preparation for armed attack on Formosa and the Pescadores,

Whereas such armed attack if continued would gravely endanger the peace and security of the west Pacific area and particularly of Formosa and the Pescadores; and

Whereas the secure possession by friendly governments of the western Pacific island chain, of which Formosa is a part, is essential to the vital interests of the United States and all friendly nations in or bordering upon the Pacific ocean; . . .

And then follows a recital of the treaty between the United States and nationalist China, followed by this resolution:

Resolved . . . that the President of the United States be and he hereby is authorized to employ the armed forces of the United States as he deems necessary for the specific purpose of securing and protecting Formosa and the Pescadores against armed attack, this authority to include the securing and protection of such related positions and territories of that area now in friendly hands—

The President is not given any authority to attack lands now held by the Chinese. The remainder of the resolution reads as follows:

—and the taking of such other measures as he judges to be required or appropriate in assuring the defence of Formosa and the Pescadores.

Then follows the final paragraph:

This resolution shall expire when the President shall determine that the peace and security of the area is reasonably assured by international conditions created by action of the United Nations or otherwise, and shall so report to congress.

I think we should take note that there has been no attack since this declaration was made or since this resolution was passed by the United States congress and I doubt very much whether there will be one. In any event the decision rests with President Eisenhower personally. We know him. We have seen him and heard him right here in this chamber. We know President Eisenhower's record. We know his character. We know that his aim is peace. There is no member in this house who can get to his feet and say honestly that President Eisenhower is not a man of peace.

For myself, I am prepared to leave this extremely difficult decision to President Eisenhower. I do not want to be accused of having become pro-American or anything of that kind. I come of United Empire Loyalist stock, and you are not likely to see any Canadians of that descent taking an attitude that is too much pro-American. In fact, in 1947 I voted against my party and with the C.C.F. on the bill which became the Visiting Forces (U.S.A.) Act, which was giving the United States forces in this country certain rights over their troops. I must admit that I did not vote against it for the same reason as did the C.C.F. but still I voted against it.

On this question the Canadian government seems to disagree with President Eisenhower's plan for elbow room for giving himself room in which to bargain. As reported at page 2342 of *Hansard* the Secretary of State for External Affairs (Mr. Pearson) said:

> It is true that some members of that coalition, including Canada, cannot subscribe to all aspects of United States policy in this Asian area, especially in regard to the coastal islands.

That was a sort of half-clear statement of government policy. But I ask the minister, when he closes this debate, to answer this question: Is it the belief of the Canadian government that the offshore islands, Quemoy and Matsu, should be handed over to red China in the hope of inducing the communists to stop fighting, even though the red Chinese are still demanding Formosa itself and show not the slightest indication of any other intention but to try to seize Formosa?

I point out that the United States is not asking Canada for any help. To hear some speeches made here, one might think that the Americans were wanting us to do any fighting for them that might arise or might begin as a result of this policy; but they are not asking Canada for any help. I point out further that if they turn these islands over to the red Chinese, it might break the morale of the national Chinese army. Do not forget that in that army there are thousands of troops who deliberately chose freedom as against going back to red China, although they were subjected to every kind of pressure in order to try to persuade them to go back to the communist army. More serious still, it might destroy the confidence of the Asian allies of the free countries in their intentions. In addition, of course, it might hamper the defence of Formosa. This second question I have placed before the minister today should be answered when he closes the debate. I repeat that the Canadian people are entitled to an answer.

This brings me to a third and broader question, and it is this. Does the government believe or does it not that in the Pacific communist aggression can be stopped by giving up territory—and that, of course, means giving up people as well—which is what was done in northern Viet Nam? Or putting the question in another way, does the Canadian government believe or does it not that in the Pacific a stand must be taken at some point by some nation or group of nations? For instance, will the minister tell us whether the Canadian government believes that the British should give up Hong Kong? That question was raised in the British house a few days ago, and we all know the prompt and indignant answer given by Sir Winston Churchill to the effect that Britain had no intention of giving up Hong Kong. What does the Canadian government think about that question?

Let us recall what we have seen in Korea and in Indo-China. Let us recall—and all too often people in the free countries seem to forget this—that the communists have followed consistently a policy of fighting or threatening to fight, then getting what they want by negotiation, and then starting all over again. We know or should know by now that peace can never be gained by appeasing an aggressor any more than a bully can be handled by giving in to him. On February 16 Secretary of State Dulles put the situation clearly when he said this:

> It should not . . . be carelessly assumed that peace and security will be promoted merely by the non-communist nations indefinitely granting one-sided concessions to the communist nations . . .
>
> If the non-communist Asians ever come to feel that their western allies are disposed to retreat whenever communism threatens the peace, then the entire area could quickly become indefensible.

In my opinion, appeasement can end only in communist conquest. Appeasement is contrary to the character of the Canadian people. This nation was not built by leaders who believed in appeasement, and this nation will not achieve its true destiny by following any policies of appeasement. A firm stand has been taken in Europe. At this very session this house put Canada firmly behind the rearmament of Germany. If any step could have been expected to antagonize the Russians and to lead to war, that was such a step. Yet this parliament took it. Now, some steps must be taken in Asia to stop aggression in that area of the world.

Finally, I have a fourth question for the minister. Will the Canadian government work for and advocate a protective grouping of the nations of the Pacific such as exists in the North Atlantic Treaty Organization. I have raised this question on different occasions in the house, and the Conservative party has taken this stand, that there should be a security pact of the free nations in the Pacific area. I should like to know now from the Secretary of State for External Affairs where the government stands on this question. Such a protective grouping would be the most effective way of stopping communist aggression. If it were taken, Canada would have a voice in the policies that are adopted, instead of being in the position in which she is now, of being bound by the decisions made by others. Furthermore, Canada would benefit greatly in a material way if there were a grouping, not only for protection but also for the promotion of trade

and friendly intercourse between the nations who were parties to any such pact.

In the past, the government attitude on this question has not been very helpful. Canada would have nothing to do with the ANZUS treaty. I was told Canada had not been invited to join the United States, Australia and New Zealand. Then, when I asked whether Canada wanted to be invited or had ever intimated she wanted to be invited, I was met by a stony stare or a pleasant smile. I could never get an answer to that question. I believe that if Canada had asked to become a party to that treaty, she could have been. Certainly the Canadians who live on the west coast believe it is of the utmost importance that our ties with Australia and New Zealand be kept as close as possible.

The government attitude with regard to the Southeast Asia Treaty Organization also has not been one of very much enthusiasm. There may be more reason for that because most of the nations, or at least some of the nations in that organization, quite rightly appear remote from the northern Pacific. However, I am afraid the government has not been very alert to things that have been happening in the Pacific. It is far more interested in things going on across the Atlantic in Europe, and there is also some reason for that, of course, because most of our people stem from European stock.

However, I believe the Canadian government has failed and is failing today to give the Canadian people leadership in facing Pacific problems. I repeat my request of the minister, that when he closes this debate he give the house an answer to the four questions I have placed before him. I believe answers to those questions will help Canadians clarify their thinking on Pacific problems, and that of course is of the utmost importance in a democratic nation.

Mr. A. M. Nicholson (Mackenzie): In parliament and out of parliament, Mr. Speaker, the Secretary of State for External Affairs (Mr. Pearson) delivers a great many speeches. He is kind enough to send me copies of those speeches. Most of them are very good; some of them are not so good and others are very bad, in my opinion. I am sure the minister will excuse me if I cannot subscribe to the theory of infallibility which seems to be accepted by so many government supporters. Actually, I do not believe the minister does require so many bouquets as he receives.

I should like to say, however, that I think the Canadian Secretary of State for External Affairs need not take an inferior position to his opposite number in either the United States or the United Kingdom. One of the misfortunes of Canada during my lifetime has been that we have suffered from an inferiority complex for so many years. We allowed Westminster to formulate our foreign policies, and more recently we seem prepared to allow Mr. Dulles to decide what is good and what is not good for Canada.

I have a copy of the minister's speech at the Geneva conference in May, 1954. I feel that this is one of the speeches the minister delivered that will be remembered for a long time. The information I received in Europe last summer was that the minister, and the Canadian delegation, deserved the major credit for achieving the cease-fire in Korea and preventing the war spreading to Indo-China. The minister having taken a firm stand on that occasion, I wish he would place the Canadian point of view more firmly on a great many other occasions. Speaking on the radio on March 6, in connection with education week, he delivered a speech on education, foreign policy and the hydrogen bomb. This was another very valuable contribution made to the appreciation of world problems. Regarding the hydrogen bomb he said:

> If one of these thermonuclear weapons burst near the surface of Ottawa, it would, by its blast and heat, not only obliterate this city, but through the fall-out effect of radioactive material, it would probably gravely endanger the lives of all people exposed in Montreal and its vicinity as well; so contaminate that city that it would have to be evacuated. If the winds, including those up to 80,000 feet above the earth were going faster than usual, the area of lethal contamination might be much larger. . . .
>
> So we must face the practical certainty that if any general war is allowed to begin, it would become nuclear war, and both sides would have to face the catastrophic consequences. Surely, any creature capable of reason must prefer the present situation, however unsatisfactory, to such consequences. Surely, too, both sides would prefer to tolerate the uncertainties of present-day life to the certainties of nuclear war.

Then later on the minister said:

> Our method is peaceful persuasion and perhaps we are approaching a juncture in history when violence might seem less attractive to its devotees than discussion and agreement. We must work on in that hope; never give up.

I submit, Mr. Speaker, both the speeches at Geneva and his radio address were very useful contributions to a better understanding. I come now to his address on Canadian-United States relations in Toronto, March 14. Unfortunately, in this address he put on the Dulles record with all its harsh tones. His criticism of Russia, I am sure, would be very pleasing to Mr. Dulles; but the suggestion that Canada is prepared to let the United States decide whether war in Formosa is of vital concern to Canada, whether the defence of Quemoy and the Matsu islands is essential to our defence, is a question concerning

which the minister, both in his Toronto address, and in his speech here a week ago yesterday, did not do justice to the thinking of the Canadian people.

He mentioned in his speech on March 24, as reported at page 2343 of *Hansard*:

> It is inconceivable to Canadians, it is inconceivable certainly to me, that the United States would ever initiate an aggressive war. It is also inconceivable that Canada would ever take part in such a war.
>
> The second reason, as I see it, is that the only aggressive force that threatens us today, or that could commit a major aggression, is communist imperialism. Does anybody believe that we could or should keep out of an all-out struggle precipitated by communist aggressive power which, if victorious, would end everything that makes for free and decent existence?

This is one of his blasts against communism in Russia and China. And he says:

> It would be impossible, in my view, for either the United States or Canada to be neutral if the people of the other country were engaged in a major war in which their very existence as a people was at stake.

The minister would no doubt argue that if war over Quemoy and Matsu should develop, and if the United States were getting the worst of it, and if China did invade the United States and it appeared as though that country was going to be defeated decisively, we in Canada would not stand by. I think that is very far-fetched, to say the least. I think the Canadian people just cannot be sold on the idea that Quemoy, at the mouth of one of China's main harbours, and less than five miles from the mainland, is necessary to the defence of the United States.

At a round table conference in Toronto over the week end I might say there happened to be eight Americans and one Canadian discussing matters of international concern. This would seem to indicate that those who arranged the conference seemed to think that probably Canadians did not have valid opinions on these questions. But when the question of China, Formosa and the offshore islands was under discussion, an American, who was defending the Dulles policy in the area, was asked this question: How far is Quemoy from the mainland and how far from San Francisco? His reply was that it was something less than five miles from the mainland, and 12,000 miles from San Francisco. I think he was out somewhat in the distance from San Francisco. Anyway, we know it is a long distance.

Anybody on this side of the Pacific who argues that the defence of these islands is necessary either for the defence of the United States or for the defence of Canada, must have a pretty vivid imagination.

The Ottawa *Citizen* of February 2 carried a story from Hong Kong written by Homer Bigart of the New York *Herald Tribune* service suggesting that, without exception, top officials of the British crown colony, both civilian and military, think the United States would be foolish to fight for Quemoy and Matsu. From a purely military point of view, these offshore islands just are not worth fighting for, was the comment this correspondent heard over and over again.

Then, in one of his week-end reviews, a few weeks ago, Mr. J. B. McGeachy said something about the history of Formosa, and drew our attention to the fact that this area has belonged to China for a long time. I have done a little reading about the history of the area, and find that over 2,000 years ago Formosa was part of China. Then, a hundred years before this continent was discovered by Christopher Columbus, Formosa had an official governor general, or one in some similar office, looking after its affairs on behalf of China.

I think it is unreasonable for the Secretary of State for External Affairs to suggest that Canadians cannot make up their minds, and that this parliament cannot decide on its own account whether or not the defence of these islands would be necessary for the defence of Canada.

I suggest that he should be on the side of J. B. McGeachy. And then, of course, along with this very controversial question is that of recognizing communist China. Since Great Britain has recognized her, and since it has been suggested that the United Nations should try to get communist and nationalist China around a conference table, I think it would be a great help if the Canadian government would now come out in support of the recognition of communist China.

The Prime Minister (Mr. St. Laurent), speaking at Seoul on March 8 last year, is reported by Associated Press as saying:

> I do feel that some day we are going to have to be realistic. We are going to have to admit the present government of China is the government the people want.

And Clement Attlee, former prime minister of Great Britain, speaking at Margate, at the Labour conference said:

> It is absolutely ridiculous not to recognize what is the effective government of China. And that government is not the regime of Chiang Kai-shek.

And Premier Nehru of India has gone on record in this fashion:

> There will always be trouble in Asia and elsewhere until communist China is recognized in the United Nations.

And foreign minister T. Clifton Webb of New Zealand urged the admission of communist China to the United Nations.

Someone was good enough to send me a clipping from the Vancouver *Sun* headed "Mather's Nightcap", written by Barry Mather. It bears the subheading "Looking Backward and Sideways at the 4th of July", and the dispatch from Chungking states:

> The Chinese government today flatly rejected a French proposal, that the Great Powers recognize Rebel America. The Chinese Foreign Office stated: "China is unalterably opposed to the recognition of a subversive and revolutionary regime which has gained power through force and violence."

And in the same article a dispatch from Upper Canada bearing the notation "With the liberation army, by our own military correspondent" states:

> A top-level spokesman for General Johnston's headquarters told the press today that the rebel leader, Washington, and his followers have been "completely out-manœuvred." "By withdrawing steadily to the north," he said, "we have lured the bulk of the rebels after us. Their line is now so extended that surrender is expected within a few days."

And then in the same article this dispatch from Moscow:

> The Russian ambassador to Britain, Boris Shudemov, called today on His Majesty, George III, and extended, on behalf of the Russian government, "full assurances of good will" in connection with Britain's speedy action to put down an attempted leftist-led revolt in the Americas.

So much for Formosa and China. I now come to the diplomatic front. As I indicated earlier, I think the minister's remarks this afternoon were most unfortunate in a world with so many tensions. He accused the Russians of using offensive language and, from his lofty pinnacle, discussed a proposal which has come to him. I wonder what he thinks the reaction would be if someone asked him to dinner and, before deciding whether he would accept the invitation or not, he expressed his views with as much feeling and as much heat as he did this afternoon regarding the shortcomings of his prospective host, and said that later on he would consider it.

I notice in the press that the minister was on television last night. I am told that he is a very personable person on television. Although he has had information regarding this matter for some time, I understand that he muffed very badly the question of this invitation to Russia.

The hon. member for Kamloops was asked a similar question when he was on television some time ago.

Mr. Studer: The hon. member was on television recently.

Mr. Nicholson: Yes, I was on television but not on press conference. I thought that the question asked by the hon. member for Prince Albert (Mr. Diefenbaker) might have received a more courteous reply. The minister might have said: "Yes, certainly we have received the information; we shall give most careful consideration to it."

At this stage I wish to repeat the suggestion I made a year ago when a similar debate took place. At that time I thought that a useful purpose would be served by Canada taking the initiative in proposing a visit with a view to having a better understanding, and if I recall correctly I suggested that the delegation should be led by His Honour the Speaker and should include the minister, the Leader of the Opposition, our own leader, the leader of the Social Credit party, one of the women from the Conservative group and the only woman member on the government side. I repeat that suggestion at this time. I might say that it is one of the few suggestions I have made since coming to parliament that brought me a great many letters and quite a number of editorial comments. There were very few critical comments as a result of that suggestion. A great many people seemed to think that a useful purpose would be served. At this time I would suggest that the Prime Minister also be included in the delegation.

I hold in my hand a souvenir of the visit of the Prime Minister of Canada to India. I do not think there is anyone in the world who would expect that if the Prime Minister went to Russia he would return as an avowed communist. I am sure that those who know the Leader of the Opposition would not have any worry about his changing his mind if he should pay a visit to Russia. I submit that if a multimillionaire like William Randolph Hearst could risk his reputation by going to Russia when the Formosa crisis was at its height and could risk his life in that country, this land of freedom which is surrounded by two giants, one to the north and the other to the south, might well consider sending a delegation.

The *Nation* had a story in its issue of March 12, mentioning that Mr. Hearst on his return was quite favourably impressed with some of the things he saw. He was convinced that the present leaders were:

> —not possessed with the madness that drove Hitler to bring Germany down in ruins nor by the recklessness that led Mussolini to tie Italy's kite to the shooting war of nazidom's short-lived conquest.

Mr. Hearst, speaking to the Press Club in New York on his return, said that Mr. Khrushchev mentioned to him in the Kremlin before he left that if he got into trouble with Senator McCarthy on his return he might call on Mr. Khrushchev to testify that during his stay in Russia he was a loyal and capable spokesman for the capitalist point of view.

Just prior to going to press the *Nation* telephoned Mr. Hearst and asked him a few questions. He assured the *Nation* that his visit was prompted by a desire to get a first-hand glimpse of the country and the people of Moscow; secondly, that he did not receive any prior suggestion or intimation from the Russians directly or indirectly that he would be welcome. And of course they did not bother asking the question whether he had any subversive interest whatever. He explained that within a week after his request had been made to the Soviet embassy in Washington he had received the necessary visas for himself and his two associates. He felt that the Formosa situation was sufficiently important to warrant his visit. He pointed out that his interviews were reported accurately and fully by the Soviet press. He mentioned a discussion with General Zhukov. General Zhukov was asked whether he had been invited by General Eisenhower to visit the United States and he replied:

> Yes, General Eisenhower invited me to the United States on two occasions.

He was asked whether he would go and he replied:

> I have received no invitation so far, and I think that the state of relations between our countries just now does not favour such a visit. Neither the American nor the Soviet people would understand it if Marshal Zhukov were to go to America in the present state of relations between the U.S.S.R. and the United States. I sincerely desire better relations betwen our two countries. I should like to visit the United States, and would do so with pleasure if relations improved.

Mr. Martin: What document is the hon. member reading from?

Mr. Nicholson: I am reading from a Soviet news bulletin which I am sure the minister receives through the mail. If the Secretary of State for External Affairs will indicate that it is an improper bulletin—

Mr. Pearson: Quite proper.

Mr. Nicholson: It comes through the mail and is published by the press office of the U.S.S.R. embassy at 354 Stewart street, Ottawa. Does the Minister of National Health and Welfare indicate that it is not a proper bulletin to read from? I might say that Mr. Hearst has never questioned the accuracy of the reported interviews that he had with Zhukov and other top people; I might say, incidentally, at this time that at a press conference in Washington, President Eisenhower was asked a question regarding his friendship with General Zhukov. He replied that they were very good friends during their stay in Germany. He was asked whether he had not invited General Zhukov to Washington and he replied that he had. He was then asked whether he would extend that invitation now and he said that he would have to consult his advisers. A week later, after he had consulted his advisers, he said he could not extend the invitation now, which is a great pity.

I think those two generals who had to face so many problems in Germany in the years after the war should have a chance to come together and discuss what they might do at this particular time.

A dispatch from Washington by James Reston, a New York *Times* correspondent, mentioned that the policies that are being followed in the United States now create a great many problems for the people who should be their friends.

I now come to another section that I think is very important. While the Canadian people and the people of the world are agreed that the United Nations should be doing a worth-while job, the specialized agencies are not getting the assistance they deserve and should have. The Atlantic charter outlines some of the goals that we set for ourselves in the post-war years. I would like to remind hon. members that this was the objective that was set for us back in August, 1941. We wanted to see that people all over the world were able to have their full share of the things that were available so that there should not be hunger, poverty and disease in so many parts of the world. Well, the United Nations has set up machinery so that we now have fairly accurate information regarding the problems that exist in the world. I am not satisfied with the machinery that the minister has, first of all, to make information available to members of parliament and to the public.

A year ago when I was getting ready for my speech I telephoned the information section of the minister's office to find out specifically something about the work that is being done by FAO, WHO, UNESCO, UNICEF and the technical assistance branch. I was referred to the Department of National Health and Welfare which has a very good information service. I phoned there but I was told that I would have to go to external affairs for information about WHO.

Mr. Martin: You should have called the minister.

Mr. Nicholson: I realize the minister has a great deal of information available and has also a most efficient staff, but I wanted information as to what was going on in the various departments. I got a run-around from the various government departments, agriculture, health and welfare and trade and commerce.

Since then I have been to headquarters of WHO in Geneva and FAO in Rome and have discussed this problem with them. They explained that they can provide information when requested, but unless a government requests it they do not dig it up. They told me that if I made my requests through the regular channels I would get the information in due course. On my return I asked the Department of Agriculture to get the information regarding two of my friends who are well known to everybody from Saskatchewan, Dr. J. B. Harrington of the field husbandry department of the university and Professor Hardy who was formerly head of the agricultural engineering division.

Dr. Harrington has had two very interesting assignments in Egypt and India. At his own expense he took some very good coloured pictures and since his refturn he has held many meetings in Saskatchewan on his own time telling service clubs and church organizations and any who were interested something about the problems and the solutions.

I thought that some department in Ottawa should have information that there was such a person as Dr. Harrington, where he had gone to, what he had done and that they would be interested in having his story told to the Canadian people. No one seems to worry about this particular problem.

We are spending some money on these agencies. We are going to spend $323,000 on FAO this year; $289,000 on WHO; $500,000 on UNICEF and $267,000 on UNESCO—we are down a bit there—and $850,000 on technical assistance. Mr. Harold Wilson in "The War on World Poverty" tells us something about the income problem that has to be faced. We are told that in Indonesia the national income is $25 per person per year; in China it is $27 and in South Korea $35. Then when you come to countries like the United States you find they have the highest income, $1,453; Canada is next with $870; then comes New Zealand with $856 and Switzerland with $849. Those figures were taken a few years ago and at the present time we are up to over $1,000 in Canada.

Mr. Diefenbaker: What year?

Mr. Nicholson: These are some United Nations figures for 1949. It is now recognized that we cannot expect to continue to live in a world where two-thirds of the people have the sort of income that the people have in India, China, Korea and Burma, less than $50 a year, while one-third of the people living in countries such as this have incomes of upwards of $1,000 per person. Maybe years ago we could argue that it was no concern of ours how people lived in other parts of the world, but radio, television and modern forms of communication have made our world so small that if we have two-thirds of its people living under conditions such as these we are bound to have trouble.

Dr. de Castro in "The Geography of Hunger" deals with this problem. Dr. de Castro who is chairman of FAO, was away from Rome while we were there but it was suggested that his book would give us all the information we wanted to get from Dr. de Castro. I hope that hon. members will find time to read this most excellent production. In his foreword to the book Sir John Boyd Orr points out:

> Yet hunger has been from time to time the most dangerous force in politics. It was hunger which precipitated the French revolution. A mob of women from the slums of Paris marched to the parliament house demanding bread. The politicians fled. The women, joined by the men, then marched to the Bastille. The fall of the Bastille was the death knell of the feudal system in France, and the beginning of a new era in European politics. The revolutionary movement in the "hungry forties" of the nineteenth century was due to the same cause. The Chartist mob in England cried "Bread or blood". With the free import of cheap food the revolutionary spirit in England evaporated.

Dr. de Castro describes some of the conditions in his own country of Brazil, but it will be noted that he covers pretty well the whole world. I think he would prefer it if I used some of his references to his own country. He recalls a foreigner who was visiting Brazil and who was shocked with the living conditions in a country where nature had been so kind. The visitor said to one of the local people:

> Don't beans grow in this country?
> No, senhor.
> Rice?
> No, senhor.
> Some fruit or other?
> No, senhor.

The foreigner was puzzled to know why this was so when trees and everything else seemed to look so healthy. He could not understand why these things would not grow, so he asked the native if he had planted some of these things to see if they would not grow. The native's eyes lighted up and he said, "Ah! Plantando . . . da". That is, "Of course they will grow if you plant them." Two-thirds of the world's people never have enough to eat, nor do they have the know-how to cultivate their land. Dr. de Castro points out:

> It is estimated that at least 25 per cent of South America could be cultivated for one purpose or another, but the land in use at the present time does not exceed 5 per cent of the total area.

If only 5 per cent out of a possible 25 per cent is being cultivated it is not surprising that the people in those areas are not getting their fair share of the world's food.

I see that my time is running out but I appeal again to the minister to ask his colleagues to permit him to set up an information service covering the work of the United Nations so there can be made available to members of parliament, the press and radio, up to date information regarding the problems being faced by these specialized agencies.

Two of the ministers attended the Danny Kaye picture which was made available by Paramount the other night entitled "Assignment Children". Mrs. Sinclair reminded us that we have contributed $500,000 toward the work of UNICEF, but one should realize that that works out to only three cents per person as compared with $58.81 for our liquor bill and $30.65 for our tobacco bill. When that is realized I think it will be conceded that we are falling down in our information branch getting across to the Canadian people the proportions of these world problems. The people at headquarters in Geneva, Paris and Rome are frustrated because governments are not making ample funds available to them with which to do a worth-while job. I am sure the minister will give us more information, and that his colleagues will in turn make it possible for him to have additional funds in order that Canada might give leadership in this important work in the troubled world in which we live.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, in rising to take part in the debate on external affairs, I realize of course that we are debating something that is not just of local importance but something that has world-wide implications. As we are considering that, we are reminded of the fact that in his speech the Secretary of State for External Affairs (Mr. Pearson) referred to the place that Canada now holds in the councils of the world, the responsibility that is hers because of the position in which she finds herself and also that in the foreseeable future he did not see any lessening of that tremendous responsibility.

We are inclined to think of external affairs as something that can be understood by the great majority of Canadians, but apart from just hearing a few references such as Indo-China, Korea, and Formosa and some other places, I am sure that a great many of our Canadian people have little understanding of the world situation at the present time. Even we who are privileged to sit in this chamber must depend upon the sketchy pieces of information which are given to us from time to time and we find it extremely difficult to arrive at conclusions that we feel are right in the light of the great world conditions that exist at the present time.

In taking part in this debate I am not attempting to masquerade as an expert in these affairs at all, but for a considerable number of years I have been interested in human relations and so I find this area of parliamentary responsibility of special interest to me.

It was my privilege last fall to attend the United Nations general assembly as a parliamentary observer and although that experience may have become rather commonplace to those who attend year after year I must say I found it of exceptional interest. As I listened to the debates in the various committees and also in the plenary sessions I endeavoured to form a mental picture of world conditions at the present time. In endeavouring to assess the value that was placed upon the United Nations Organization by the various delegates I found a rather wide divergence of opinion as to its effectiveness in the world of today. Some people seemed to be of the opinion that with the new atomic era into which we have been so unceremoniously ushered the United Nations has to a greater or lesser degree outlived its usefulness. There are others who felt that the work of the United Nations was worth while in some respects but in many other respects it had failed to measure up to the expectations of the founders of that great organization. I found that others were hoping against hope that the United Nations Organization would be adequate for the challenge of this new age in which we find ourselves. They thought that if anything would accomplish the purposes and objectives for which we are striving, the United Nations would be the medium by which they would be realized. We are hoping, of course, and we are trusting, that through work of the United Nations and through the program it is carrying on something really worth while will be contributed to the welfare of the world.

Although I was interested in all the committees I must say I spent most of the time at my disposal sitting in at the first committee. It seemed as though I was especially drawn to that committee possibly because I knew that the question of disarmament was one of the greatest problems that faced the statesmen of our world today. The agenda for that first committee, as it appeared in the journal of the United Nations, was as follows:

1. The regulation, limitation and balanced reduction of all armed forces and all armaments: report of the disarmament commission.

2. Conclusion of an international convention (treaty) on the reduction of armaments and the prohibition of atomic, hydrogen and other weapons of mass destruction.

The debate in this committee was very extensive with most of the members participating. Sitting on the sidelines, it seemed to me that the smaller nations appeared to think of the world political struggle as a battle of giants but in addition to that they felt there was a real danger that in the struggle they themselves would be trampled to death. As they had a perfect right to be, they were very vocal in their pronouncements and emphasized the importance and the necessity for these giants to resolve their differences, to call a halt to the gigantic armament race and begin to plan for an era of peace and progress.

During the time I was privileged to be there the outstanding event in that committee was the submission by the Canadian delegation of the draft resolution on disarmament. I have a copy of the famous Soviet news bulletin to which the hon. member for Mackenzie (Mr. Nicholson) referred It is not perhaps the same issue but it is the same publication. Although I have been tempted to digress somewhat and to reply to some of the statements that he made, I am not going to yield to that temptation. However, in this particular publication of Friday, March 11, 1955, it speaks of the ninth session of the general assembly held in September. I am afraid one would gather from reading the bulletin that the Minister of National Health and Welfare (Mr. Martin), who was the acting head of the delegation at that time, did not have very much to do with the proceedings. Judging from this report it appears that the Soviet union made all the statements and proposals and then the committee simply fell in line and adopted them. However, this particular resolution called for further efforts to be made to reach an agreement on proposals to be embodied in a draft international disarmament convention providing for, as I have already intimated, the regulation, limitation and reduction of all armed forces and conventional armaments, prohibition of the use and manufacture of nuclear and other weapons of mass destruction, and the establishment of controls adequate to ensure that no state would have cause to fear that its security was in danger. It also suggested, among other things, that the disarmament commission reconvene the subcommittee to continue its work in this regard. We are given to understand, of course, that this committee is in session at the present time.

This resolution was first submitted as a Canadian resolution and it later appeared with some amendments under the co-sponsorship of Canada, the United States, the U.S.S.R., France and Great Britain.

I have said this before, Mr. Speaker, but I repeat that great credit is due the Minister of National Health and Welfare, who was acting head of the delegation at that time, for the way in which he carried through that series of delicate negotiations with Mr. Vishinsky and the other powers in order to achieve agreement on the details of the draft resolution.

Without indulging in flattery I think I can say that the stature of Canada has been enhanced and her influence broadened through the course that was pursued on that occasion. At the assembly, and on different occasions since then, it was stated that the soviets did advance from their previously adamant position with respect to these particular issues. I remember the restrained optimism with which the news of the soviet co-sponsorship was received by the committee. There were, of course, very few who were prepared to accept the agreement as indicating a reversal of the previously held positions but most, if not all, felt that there was some softening of the soviets' attitude and that it was to be accepted that for some reason, understood or not understood, the way for further negotiation was opened.

Mr. Speaker, these events are now in the past. But the important question is this: What prospect does the future hold for the implementation of the desirable objectives outlined in the draft resolution? I think there is one thing that we should remember in spite of much that has been said to the contrary and that is that the long-range soviet policy remains unchanged. An article taken from the Toronto *Globe and Mail* of February 21, 1955, by Edward Crankshaw, reads as follows:

> The communist drive toward world revolution is with us again, openly and harshly, and conditioning the actions of the new rulers of Russia.
>
> Any doubt about the ideological background to the personal struggle in Moscow between former Premier Georgi Malenkov and party secretary Nikita Khrushchev are dispelled by an important policy statement in the January issue of the Soviet communist party journal *Communist*.
>
> The article is called "The Strategy and Tactics of Leninism" and it restates the old bolshevik aim of world revolution more categorically and candidly than at any time for the past 30 years.

Those are just two brief paragraphs from that article. There has been a great deal of talk about coexistence. Speaking personally, I think all the talk about coexistence is just a blind to cover up the continuing plans for subversion, infiltration and aggression. The delegates at the United Nations expressed alarm—in spite of the vehement denial of the soviet delegation—that the U.S.S.R. was exporting revolution. I say the delegates expressed alarm at the continued advance

and the continued campaign being carried on in their own countries in an endeavour to overthrow the properly constituted governments of their countries and to bring them into line with the communist ideologies. I think that Korea and Indo-China are examples of what to expect as Russian imperialism continues its drive towards the ultimate objective of world domination. There is absolutely nothing to suggest that the "leopard has changed his spots" or to convince the world that the soviets are desirous of peaceful coexistence, but there is everything to prove that, as quickly as possible—yet as slowly as necessary—communism is seeking to bring nation after nation, and groups of nations, under its power.

As we think of the continued plans of communism, and as we consider their objectives, our attention is called to the suggestions that have been ventured by some nations with respect to our own program of atomic development and arms build-up wherein they have said that regardless of what soviet Russia does the western powers should take the lead and destroy all atomic weapons, and should prohibit their use. I think that suggestion is ridiculous. On the contrary, any proposed reduction, any suggested prohibition or any contemplated relaxation should take place only when there is foolproof assurance that it will not jeopardize our position with respect to self-defence and the ability to safeguard the welfare of the free nations of the world. As long as soviet long-range policies remain unchanged, there must be no let-up in our military preparedness program.

We welcome any sincere and straightforward negotiations to rid the world of threat of war, and any plan to ease the peoples of the world of the intolerable financial load of defence expenditures, but there must be no more retreat or compromise in the face of the diabolical menace of world communism. Any negotiations must see to it that the balance of strength does not pass from the free world to the side of Russian imperialism.

Perhaps it is superfluous to offer advice to the Secretary of State for External Affairs (Mr. Pearson) but, Mr. Minister, we exhort you to be on guard as you have been in the past, lest expediency or desperate desire for peace, shared by us all, might tempt you to compromise or to follow the program of appeasement.

First of all, the first committee at the United Nations was to deal with the matter of the prohibition of nuclear weapons. We have all read of the fearsome power of atomic and hydrogen weapons. We have had pictures in the papers and broadcasts over the radio with respect to the destructive power of these new weapons. I do not think any one of us is in the dark with regard to the terrible potentiality of the atomic and the hydrogen bombs. Another matter was the reduction in conventional armaments. I am not going to dwell on that matter. The third was the control body to be set up in order to see that any plan and the proposals or regulations of any plan were fully recognized and observed by the respective nations. As reported in *Time* magazine of March 14, 1955, Sir Winston Churchill said:

> "What ought we to do? . . . It does not matter so much to old people; they are going soon anyway, but I find it poignant to look at youth in all its activity and ardour and, most of all, to watch little children playing their merry games, and wonder what would lie before them if God wearied of mankind.
>
> Disarmament would be the best solution, said Churchill. "But facts are stubborn things, and one of the stubbornest is the soviet government refuses to accept any practical system of international inspection".

I am sure this afternoon we all agree that disarmament is desirable. We would like to see it accomplished. I think President Eisenhower recognized the desirability of that when he appointed a secretary to head up a disarmament department. There are many complications, as was pointed out just recently in an article in the newspapers. It spoke of the difficulties that confront us in any program of disarmament, such as, first, the accumulation of the stockpiles of atomic weapons; second, the small atomic weapons that we now have at our disposal; third, the problem of adequate control.

It seems to me, Mr. Speaker, in the face of the world conditions, with the constant threat that is before us and the absence of any great ray of light and hope, that we can do nothing less than maintain our military preparedness until such time as that control organ can be set up and we can be assured it will work adequately and effectively in seeing to it that the nations observe any plan for disarmament.

I think there is something else we have to do in the face of world conditions. We must recognize our responsibility with respect to the need of many nations for technical and material assistance. This has been referred to, and after all I have said about the necessity for military preparedness I must say that this, as well, is a matter of great importance. We do appreciate the programs that are now being carried on with respect to technical and material assistance to other nations, and we are reminded of the work of the United Nations technical assistance program with the contributions that are made to that particular fund. We have been reminded the

last several weeks of the contribution made through the Colombo plan to the nations of southeast Asia, and how Canada has increased her contribution by $1 million. We do appreciate what has been done and what is being done.

But I submit that there is a great deal more we could do, and should do, in order to discharge our moral obligation to the peoples of the world. The need is still with us. Starvation is still rampant in some sections of our world; malnutrition abounds, yet we have the ability to meet these needs in such a wonderful way. We have surpluses that are causing us embarrassment. We have a tremendous productive capacity in our nation, and it would seem to me that we could do more and we should do more with respect to material and technical assistance to other nations of the world. It is a moral obligation that we have. Not only is it a moral obligation, but I believe self-defence requires that we do something to alleviate the distress of other nations. We cannot forever stand idly by when we have so much and they have so little. We must do our utmost to evidence our concern for, and our interest in, the welfare of other people.

The third thing I believe we must do is to carry on at every opportunity negotiations for the settlement of international problems. Now, I realize to a very small degree the problems that confront us when we talk about negotiations. Nevertheless, as has been mentioned today and on other occasions, I do not believe we can allow any opportunity to pass by that promises, in any degree whatever, to lessen international tension and maintain the peace in our world.

Another matter to which I wish to refer this afternoon, and perhaps this is a little out of the ordinary, is that as we think of the menace of communism we must realize the necessity for a strong moral and spiritual foundation. Think back into history, and not too far back, and we can recall occasions when we faced emergencies. There were crises. We all remember how our sovereign called us to prayer. We did not think that was strange. But somehow it seems rather strange to introduce suggestions like these into a debate such as we are having today. It may be that we are just unconsciously by-passing some of the important truths in this respect; but I believe, as I have said, that if we are going to face the problem that confronts us and present an adequate defence against communism while preserving our own freedoms and liberties, we must build our house upon strong moral and spiritual foundations.

The battle now is not just for territory; it is for national advantage. Some have said it is for the minds of men, Mr. Speaker, but I believe it is more than that. It is for the very souls of men. It is the conflict of the ages, if you please; right against wrong, truth against error, freedom against slavery, light against darkness, God against Satan. I introduce this theme into a debate on external affairs because we must recognize the essentiality of moral and spiritual resources in our endeavours to maintain our own security and in the defence of the free nations of the world.

I have a clipping taken from the Montreal *Gazette* of March 18, 1955, and I should like to give several brief paragraphs from it:

> Ostensibly, the communist attack is on capitalism; in fact, it threatens the moral foundations of society.
>
> Communism is not merely materialistic and atheistic, it is anti-moral. Its basic doctrines are the negation of morality. Its theorists ridicule all the moral codes that mankind has so laboriously built up.
>
> Communists teach that moral codes grow out of economic systems. That belief alone would destroy society. It would lead to the fatal falsehood that morality does not have to be taught. Morality has to be taught—and it has to be taught anew to every generation.

And another paragraph:

> But that is not the worst of it. The communists' doctrine of the class war leads them to adopt a code of ethics that is the precise opposite of what all the great religious and moral systems of the world have agreed in calling good.

And that, Mr. Speaker, is why I say if we are going to combat communism we must not depend only upon weapons, no matter how destructive they may be. We must not depend only upon technical and material assistance to the underdeveloped nations of the world. We must build sure foundations in our nation that will make us strong to challenge evil in our day and generation.

Mr. Paul S. Peak, advertising and public relations manager of the Imperial Bank of Canada, addressing a meeting of the advertising and sales executives club of Montreal had this to say, when speaking of the choice given citizens of the free world, with the high standard of living they enjoy:

> Such freedom, Mr. Peak said, needed absolute honesty, purity, unselfishness and love.
>
> "There is one ideology which can beat the ideology of the totalitarian state," he said. "It is freedom to choose. We must choose to be governed by God or we will condemn ourselves to be ruled by tyrants.
>
> I would like to see a little more emphasis on the spiritual wealth of the nation".

Empires in the past have perished not at the hands of invading armies but because of moral and spiritual deterioration and disintegration within. The great powers are

not the atomic bombs, with all their tremendous power potential. The greatest powers in the world are righteousness, faith in God and prayer.

I should like to quote from *Time* magazine of February 28, 1955. This article quotes the words of the Secretary of State for External Affairs, and I think these words are very true. He said:

> We have gone from the iron to the uranium age, from the horse and buggy to the jet . . . Seventy-three years ago they hadn't heard of atom or jet. They had time to enjoy a sunset . . . They were more secure morally. This moral insecurity of ours means that men are turning to strange gods. Communism is the worst of these false gods. It is the black mass of our time, with its insistent, insidious appeal to the twisted, the frustrated, the perverted and the distressed. Nor will it be destroyed by material means alone, by bread or bayonets or circuses. It must be opposed by a strong moral belief, by a moral purpose which shows itself in service and sacrifice both in the individual and the nation.

Again I say I am in full agreement with these words attributed to the minister. I appreciate the wariness with which the Secretary of State for External Affairs views any and all proposals emanating from the Soviet union.

In closing let me say this: We do not want to miss any opportunity which may present itself to move toward the easing of international tension and the maintenance of peace. On the other hand we do not want to find ourselves in the position of being helpless in the face of communist intrigue and expansion.

Mr. A. R. Lusby (Cumberland): Mr. Speaker, during the course of this debate we have had presented a considerable variety of shades of opinion as to what should be the position and course of action of this country with regard to the various areas of international tension, and particularly of course with regard to the most potentially explosive of them all at the present time—Formosa, and the islands adjacent to the Chinese mainland.

Here the discussion necessarily resolves itself largely into a consideration of our attitude, wether it is to be approval or disapproval, support or otherwise, in relation to the policy of the United States in this area. It is not my primary purpose in joining in this debate to enlarge upon this particular question. My primary purpose is to make a few remarks about the United Nations. However, in view of all that has been said about the situation—and I have followed the debate with some attention—I wish to say that of the views I have heard expressed regarding the Formosa crisis, and certainly it is no less than a crisis, those of the Secretary of State for External Affairs to my mind commend themselves as outlining the only rational and realistic position Canada could take under existing circumstances.

It seems to me that hon. members who have offered opinions differing from or contrary to those of the Secretary of State for External Affairs are veering too far in either one direction or the other. Certainly I fully agree that it is not compatible with our status of independent nationhood and with our increasing stature in the world—and I think I may be pardoned for beating the patriotic drum to that extent—that we should merely play the role of, shall we say, the tail to the American comet or the 49th state of the union. I think that is probably accepted by every member in the house. I believe if we were to do that it would not be in the best interests of either ourselves or the United States. We have our own part to play. We have our own contribution to make to the cause of world peace as well as to many other matters of world import.

At the same time, Mr. Speaker, it certainly seems to me that it is in the highest degree unrealistic for us to lose sight of the fact as, I fear, some hon. members who have preceded me in the debate have been inclined to do, that our fortunes and our destiny and our national safety, indeed our very existence, are inextricably bound up with the United States of America, the strongest champion in the whole free world.

If in our best judgment any phase or detail of foreign policy of the United States with regard to Formosa or, for that matter, any other centre of world danger, is likely to imperil rather than strengthen the security of the community of free nations, it may very well be not only our right as a sovereign state but also our duty as a responsible member of that community to offer the soundest possible criticism we can of that aspect of American policy, possibly even to the extent of proposing a different course of action which we think may better cope with the exigencies of the situation. If we do that we shall render finer service than by any blind and unreasoning adherence to whatever our ally may propose.

We have seen that American statesmanship —and in this respect it is no different from that of any other country, including our own; I hope I am not treading on any honourable toes when I say that—is not infallible. We know that the statesmanship of any country is liable to error. It is certainly not our part, as I said, to adhere to any policy of any nation if we consider it to be faulty or dangerous in its probable consequences. But risk alone, the risk involved

in a policy, certainly cannot be the sole criterion since, as I think some hon. members said earlier in this debate, any policy that could be adopted to stem the tide of communism, except possibly one of abject appeasement, must necessarily involve a very weighty element of risk.

The present United States policy with regard to Formosa and the offshore islands is not necessarily, let us grant, the best one. It may be unsound; it may lead to an open clash in those waters, and it is well that we examine it with care rather than hurry to associate ourselves with it without giving it that degree of careful thought. But while red China shows no inclination whatever to even open negotiations for a peaceful settlement, is there any hon. member in this house who can propose a better alternative? I have not heard any proposed, and I doubt very much whether any can be proposed. We must never forget, Mr. Speaker, that our whole position in this world of democracy and communism is based upon a fundamental unity of aim and purpose as between ourselves and the United States. We are in complete and total agreement that the free world must be defended at all costs against the inroads of communism. Differences may arise and, as I said a moment ago, even the duty to differ may arise, concerning details or the best manner in which to achieve that aim and purpose. But if in some such instance a course of action pursued by our ally, though neither approved nor supported by ourselves, should bring in its wake the world holocaust, then what possible choice could we have? Could we stand aside in any major war involving the United States because it had been precipitated by what we regarded as mistaken United States policy in Formosan waters or elsewhere?

To me there is only one answer to such a question, and that is the one which the Secretary of State for External Affairs has already given. Indeed, it seems to me the question is fundamentally academic; for certainly the decision would not be one of our choice; it would immediately and forcibly be thrust upon us by the communist powers.

It is upon such reflections as these, Mr. Speaker, that I base my approval of what the Secretary of State for External Affairs has said in this debate concerning our position with regard to the present Formosa crisis. Above everything, of course, it is essential that we avoid any serious rifts in the united front against communism.

I should now like to turn to an aspect of the world situation which has not been greatly emphasized in this debate, namely the ultimate need to attain a lasting peace in the world rather than the immediate need to avert an imminent threat of war. That this debate should be primarily directed toward the latter consideration is, of course, existing circumstances being what they are, almost inevitable. The present division of the world into hostile camps practically prohibits, for the time being at least, any comprehensive policy for a universal and permanent settlement of differences. Even if the current moves toward disarmament meet with some measure of success, even if the North Atlantic treaty alliance provides a satisfactory level of armed strength in Europe, even if some form of truce—there does not seem to be any better possible settlement in sight at the present time—is arrived at in the Formosan strait, even if all this and more are accomplished, we shall still be far from an era of permanent peace.

All these things I have mentioned might be likened to the building of a shelter—it may very well be a strong shelter—against a storm; but certainly, Mr. Speaker, they will not themselves bring to the world the sunshine of perpetual peace. If a permanent solution is ever to be found it must be, I am convinced, by the creation or the development of some form of international organization working effectively and efficiently, representing all or substantially all the nations of the earth and eventually involving, no doubt, some degree at least of abandonment of the cherished principle of absolute national sovereignty.

Today, undoubtedly, that seems little more than a vain dream. Certainly its quick realization is no more than a vain dream today. But if we postulate that its ultimate attainment is impossible, then it is my belief that after all the days or the years or the decades of postponing the final disaster, total war must inevitably come upon us, or at least upon some future generation. The stakes are the highest humanity has ever played for. I remember, Mr. Speaker, that in my college days—and that was a relatively untroubled time, when hydrogen was chiefly known as a component of water—there was a very popular poem by Mr. T. S. Eliot entitled "The Hollow Men". The last two lines ran this way:

> This is the way the world ends
> Not with a bang but a whimper.

Today you might reverse that, because there is the very present danger that the world will end with a bang, and there will be very little of mankind left to whimper.

The Acting Speaker (Mr. Applewhaite): Order. I am sorry to interrupt the hon. member, but since it is five o'clock the house will proceed to the consideration of private and public bills.

Private Bills

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Bill No. 286, for the relief of Joseph Alexandre Roland Simard.—Mr. Hunter.

Bill No. 287, for the relief of Winnifred Blanche Brook McGurk.—Mr. Hunter.

Bill No. 288, for the relief of Gitel Shepsel Moscovitch.—Mr. Hunter.

Bill No. 289, for the relief of Susan Frosst Cohen.—Mr. Hunter.

Bill No. 290, for the relief of Norma Constance Parsons Lindsey.—Mr. Hunter.

Bill No. 291, for the relief of Erna Reiter Kastelberger.—Mr. Hunter.

Bill No. 292, for the relief of Nickola Bochna, otherwise known as Nicholas Bockan. —Mr. Hunter.

Bill No. 293, for the relief of Robert Fraser Callahan.—Mr. Hunter.

Bill No. 294, for the relief of Ruth Barsuk Cohen.—Mr. Hunter.

Bill No. 295, for the relief of Bernice Noble Comm.—Mr. Hunter.

Bill No. 296, for the relief of Francis Ambrose Higgins.—Mr. Hunter.

Bill No. 297, for the relief of Elizabeth Coyle Ellis Gibbons.—Mr. Hunter.

Bill No. 298, for the relief of Blanche Mary Shurge Labelle.—Mr. Hunter.

Bill No. 299, for the relief of Beatrice Teressa Mathewson Connell.—Mr. Hunter.

Bill No. 300, for the relief of Joyce Hilda Street Janson.—Mr. Hunter.

Bill No. 301, for the relief of Joyce Gertrude Haworth Rawlings.—Mr. Hunter.

Bill No. 302, for the relief of Jean Eudes Deschenes.—Mr. Hunter.

CANADA ELECTIONS ACT

AMENDMENT TO PLACE POLITICAL AFFILIATION OF CANDIDATES ON BALLOT PAPERS

The house resumed, from Friday, March 11, consideration of the motion of Mr. Thomas for the second reading of Bill No. 185, to amend the Canada Elections Act (ballot papers).

Hon. Roch Pinard (Secretary of State): Mr. Speaker, I listened with interest to the remarks that were made by the sponsor of this bill when he spoke on March 11 last. I think it would be appropriate for me to say a few words about the principle of this bill. When the hon. member moved second reading of the bill the other day he expressed the view that the purpose of this measure was to remove the confusion which in his opinion would result from the fact that at times there is more than one candidate with the same name running in the same constituency.

My first observation is that there are already in the act provisions which would dispel any such confusion. There is a considerable time between the issuance of the writs of election and polling day, and this would enable the electors to be told the exact identity of each candidate, what he stood for and the policies he would advocate if elected. The campaign is generally long enough and at times strenuous enough to afford to each candidate a full opportunity to make himself known to the electors to whom he is appealing for votes.

There is another provision in the act which requires a candidate to list not only his name but his occupation and place of residence on the ballot paper. I feel that is enough to dispel whatever confusion might be created by the existence of similar names on the ballot paper.

If there is confusion, as the hon. gentleman contends, my submission is that the proposals contained in this bill would not do much in the way of clarification or help in dispelling that confusion. In fact my view is that they would add to the confusion. May I state why I believe this would add to the confusion rather than clarify the issue.

The bill suggests that on each ballot paper would appear what is referred to as the political affiliations or interests of each candidate. I must admit that I cannot understand what is meant by those words. The hon. member for Greenwood thought perhaps it might refer to the occupation of the candidate. My view is that it cannot refer to that because the act already contains the provision that the occupation of the candidate must appear on the ballot paper.

What puzzles me even more is the procedure suggested in the bill under which the recognized leader of each political party or group would file with the returning officer a written direction indicating which candidates should appear on the ballot papers as representing the party he led. That of course would mean that there would have to be a recognized leader for each political group.

Mr. Thomas: Read the rest of it.

Mr. Pinard: I shall a little later. We have at the present time different groups and parties represented in this house. At the present time there may be no dispute as to who are the leaders of these political groups, but the time might come when the leadership of a political group was in dispute. This has not happened so far in our country, but

we have seen where controversy has existed in other countries as to who is the leader of a political group.

Even though there may not be any difficulty about that and even though the recognized leader of a group could always be found to file this suggested written direction, greater confusion might be created if instead of having only a similarity of names you might have a similarity in the political affiliations of candidates. In other words you might have more than one candidate claiming to be a member of the same party, with the result that the so-called recognized leader would not know what to do.

If he made a choice and selected one candidate as being the candidate of his choice, that would be equivalent to declaring that the others were outcasts. In other words he would be deciding that so and so was the candidate for that political group and that no other could claim to represent it. I believe that ought to be determined by the electors themselves.

Mr. Knowles: Are you thinking of Ottawa East?

Mr. Pinard: Not necessarily. There might be occasions even in our own party where more than one candidate would claim to belong to our group. This might very well happen in the case of Social Credit candidates in Quebec, where a candidate might belong to l'union des électeurs and at the same time claim to belong to the Social Credit group. I do not know what the leader of the Social Credit group would do in that case. He might say that the Social Credit candidate whose name appeared on the ballot paper was their candidate and the candidate of l'union des électeurs was not.

Then what would happen if the recognized leader of a group refused to file a written direction of that kind? Would it then be left to the candidate to list his political affiliation on the ballot paper, and would it remain with the returning officer to pass judgment as to who should be considered as belonging to a certain political group? Then there are also the independents who would have to be considered.

Therefore I believe there are a number of reasons why this measure would add confusion rather than bringing about clarification of the issue. I would remind hon. members of what the hon. member for Quebec South (Mr. Power) said when he spoke in the debate on March 11. The hon. member said that a member of parliament is not elected to represent a given political group or only the people of his own constituency. He is elected to represent all the population of Canada. His true allegiance is first to the people of this country and then to the political group to which he claims to belong.

I am not questioning at all the good motives of the hon. member, but I think what he proposes would not bring about anything in the way of clarification of whatever confusion he thinks occurs as the result of similar names appearing on the ballot papers, and for this reason I would oppose the legislation.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I would like to say a few words, and what I say will be in support of the proposal contained in the bill submitted by the hon. member for Wetaskiwin (Mr. Thomas). I have listened with interest to the arguments of the Secretary of State (Mr. Pinard) against the bill, but it seems to me that in part of what he has said he has been splitting hairs, and in part he has really missed the point. At the conclusion of his remarks he repeated the position taken by the hon. member for Quebec South on March 11.

No member is listened to in this house with greater interest than the hon. member for Quebec South; but although we listen with interest to what he says, it does not follow that we always agree with his point of view. I thoroughly disagree with what he said on March 11 when he said, as recorded at page 1959 of *Hansard:*

> If on the ballot paper itself an individual who proposes to become a member of parliament labelled himself, for the time during which he will be a member, as the supporter of such and such a party, it would be extremely difficult for him, both in conscience and in the view of his electors, to say that from now on he repudiates the pledge he made to his electors when he said he was a Liberal, a Conservative, a Social Crediter, or anything else you may mention.

I indicated by a question at that time what I wish to state further now. It seems to me rather inconsistent to argue that the name of the political party should not be printed on the ballot paper when one realizes that all the parties in this country, including the Liberal party of which the hon. member for Quebec South is a prominent member, most certainly advertise the names of their parties on their election literature. They make it crystal clear in their election literature at election time that they are seeking votes for their candidates as candidates of particular parties.

I have saved some of the literature which was put out in the election campaign of 1953 and I am going to quote some captions and slogans which appeared on some of the material in order to underline my point. Here is a leaflet which was put out in the

constituency of Winnipeg South Centre. My hon. friend who is sitting here will well remember it. This leaflet reads:

> Vote to continue the tax rental agreements—
> Vote Liberal on August 10—
> In Winnipeg South Centre vote Hanks, A. W.

Similarly, I quote from another leaflet which was put out:

> For continued prosperity—

I am sure the unemployed will be interested in this.

> —and sane government, vote Liberal. In Winnipeg South Centre vote Hanks, A. W.

Here is a letter with a picture of a gentleman in the upper right hand corner, a gentleman many of us remember well, George A. Cruickshank, who was described in 1953 as the Liberal candidate for Fraser Valley federal riding. There is a line at the top of the letter which reads "Liberal headquarters"; no question at all but that the campaign for this candidate, as well as for the other gentleman whom I mentioned a moment ago, was a campaign to elect this man as a Liberal. I quote from another leaflet:

> To put your East York candidate on the winning team with Prime Minister Louis St. Laurent, vote Liberal—J. D. Thomas.

Well, this particular Thomas did not get here as his namesake who is sponsoring this bill did. He was presented to the electors not just as an individual by the name of J. D. Thomas. He was put forward as a Liberal. He happened to be beaten by another person whose postcard advertisement reads:

> Re-elect R. H. "Bob" McGregor—Progressive Conservative—York East.

Surely there is no question about it. All of us know that in the literature that is put out in our support at election time the name of the party is played up. Oh, I know there are times when this is not true. I have an example here which I shall not quote, but I will pass it over to my hon. friend from Winnipeg South Centre (Mr. Churchill). This will refresh his memory of the fact that the name of the party was not played up in that leaflet. But now I shall quote from an advertisement which appeared in the Winnipeg *Tribune* of Tuesday, August 4, 1953. It is a large advertisement which contains a picture of the Prime Minister and the catch line is, "For a greater Canada—vote Liberal!" Then appear the names of the five Liberal candidates in the greater Winnipeg area.

I realize that once in a while the name "Liberal" was played down; for example, in this advertisement which appeared in the Winnipeg *Free Press* of Friday, July 31, 1953, where the catch line reads, "Vote St. Laurent!". The name "Liberal" also appears in that advertisement, but in very small type. There was no question about who the recognized Liberal leader was, although that seemed to be one of the problems worrying the Secretary of State. There was no question about it in that advertisement, nor was there any question but that each of the candidates whose names appeared there would be recognized as Liberal candidates and Liberal members if they were elected. As hon. members know, the four Liberals in the city of Winnipeg did not do so well in 1953. None of the four was elected.

I have here a newspaper clipping concerning that campaign, which appeared in the Winnipeg *Free Press* of July 29, 1953. It reports a statement made in the course of the campaign by a prominent member of this house, the Minister of Trade and Commerce (Mr. Howe). The dispatch is from Victoria, by Canadian Press, and it reads:

> I'm fighting my last battle, trade minister declares—Trade Minister Howe said Tuesday night, "I think this will be my last election," and that, "I want to make sure the Liberal party is strong when I leave it."

I could read more of this dispatch but I shall not take the time and it might appear as though I were trying to strike another note if I did. The fact remains, however, that he was pleading not just for C. D. Howe or Dr. Frank Fairey in whose support he was speaking to be elected, but he was seeking support for the Liberal party as such.

I have in my hand another document. This appears over the signature of a man whose name has been ringing in our ears a good deal this week. I refer to Mr. Duncan MacTavish. He is the gentleman who thinks members of parliament are mischievous boys indulging in free speech. I might say this is a document which was sent to the Canadian troops who were overseas at the time of the 1953 election. The Secretary of State may not have seen it, but it underscores the point made by the hon. member for Wetaskiwin when he introduced the bill. On page 3 of this document in large red type the following appears:

> Liberal candidates—1953—candidats Libéraux

Then the candidates are listed in all the constituencies where there were Liberals throughout Canada. Also, in both English and French, in a box, appears this note:

> Attention
>
> In some electoral districts the names of the candidates are the same. It is important that you check the initials with the deputy returning officer's list of candidates and make sure you write in the correct name so that your ballot will be counted for the Liberal candidate if such is your wish.

I draw to the attention of the Secretary of State the fact that the president of the national Liberal federation, Duncan MacTavish, was worried about this very point during the election campaign of 1953 and went out of his way, presumably with party funds, to see to it that the information as to who were the Liberal candidates was made available to all the troops overseas.

Mr. Low: Which would indicate weakness.

Mr. Knowles: Very definitely. In the meantime, I am looking over this document to see whether or not it conformed to the law. Maybe it escapes my notice, but I do not see anything on here indicating who printed it. It was published, of course, by the national Liberal federation of Canada, but the name of the printer is not given.

An hon. Member: Is there any union label on it?

Mr. Knowles: There is no union label on it. If there were, you would know who printed it. But no, you cannot tell where this document was printed. I am rather shocked to discover this fact. When I got to my feet I had not realized that Duncan MacTavish would break the law of this country, but that is what he did, because section 71 of the Canada Elections Act requires—

The Acting Speaker (Mr. Applewhaite): Order. I do not like to interrupt the hon. member in his extremely interesting discourse, but I think he will agree with me that the question before the house is whether or not political affiliations should appear on a ballot paper, and not whether some document issued some years ago was or was not legal. Had the document been a ballot paper perhaps his discussion might have been in order. But I would ask the hon. member to come back to the bill.

Mr. Low: It is an extremely interesting discovery, nevertheless.

Mr. Knowles: I am sure, Mr. Speaker, that had I, before I got to my feet, realized what I discovered while I was speaking, I would have said it much quicker and got ahead of your ruling. In any case, you will recognize that what I have been doing is answering arguments put forth by the hon. member for Quebec South and the Secretary of State, who claimed that it is somehow degrading to candidates for parliament to suggest that the name of the party they support should be put on the ballot. My point is that political parties at election time make great efforts to attach the name of the party to the candidate in all their election literature, whether that literature is legal or illegal; and if that is done, I submit that we should be consistent and have it on the ballot paper as well.

As to the other arguments raised by the Secretary of State just now, may I say that they were obviously a bit weak. He thought there was provision already to avoid confusion, and suggested that when there were candidates with the same name, their first names or initials would be different. Sometimes they are similar. He suggested that the addresses of candidates and their occupations were also a means of identification. As hon. members realize, that may not be sufficient identification for the purpose of people who go to the polls to vote.

As to the point raised by the Secretary of State in connection with the difficulty of determining candidates that a recognized leader recognizes as followers, surely he was splitting hairs. I think also he failed to recognize that in my hon. friend's bill there is provision, where this process is not carried through, for the returning officer to put on the ballot paper the political party name suggested in the nomination paper by the candidate himself. I do not think there is anything substantial in the arguments that have been advanced by the Secretary of State.

Mr. Speaker, I do not think I need say any more. Were I to take the time to do so I could quote further from some of the interesting documents on my desk which I saved from the last election. It is a fact that at election time, in election literature, every candidate goes out of his way and every party goes out of its way to connect the party name with the name of the candidate so the electors of the country will know which party they are supporting, and which political philosophy they are endorsing. If we do it in other respects, surely it is a good idea to put the name on the ballot paper as well. I remind hon. members that it is done already in two or three provinces, and I think nothing would be lost—indeed I think something might be gained—if we did it in federal elections, which is the principle of the bill now before us.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to make a few remarks on this question. I find it difficult to understand the opposition expressed by the Secretary of State to the proposal that the political affiliation be shown along with the name of the candidate on the ballot paper. I am rather afraid that the Secretary of State has been raising obstacles that do not exist, and has been putting forward hypothetical instances which I greatly doubt would ever be experienced. We have had this system in

the province of British Columbia for many years and it has worked out exceedingly well. There have not been all the complications—

An hon. Member: The system was brought in by the Liberals.

Mr. Winch: Yes, it was brought in by the Liberals. There have not been all the complications that have been raised this afternoon by the Secretary of State. Not only have the problems he has envisaged not come about, but it should be recognized that when the Liberals brought in this system in the province of British Columbia, it was for extremely good reasons.

What were those reasons? First of all, it was the belief in British Columbia—and I think it should be the belief here—that every person whose name appears on the voters' list has the right to cast his ballot and to make sure that he casts his ballot for the person for whom he wants to vote.

Let us not fool ourselves at all. There are thousands upon thousands in this dominion who want to vote, but they are divided into three categories. There are those who know the names of the candidates for whom they want to vote and who know the party to which he belongs and for which they want to vote. Then there are those who remember only the name of the candidate. That is all right, because his name is on the ballot paper. But everyone in this house knows quite well that there are countless thousands who, when they go to the polls, know the party for which they want to vote but who—and it occurs time after time—have forgotten the name of the candidate of that party.

Any of us who have worked in our campaign offices and our committee rooms on election day and the week before—and I think all of us have done so—know what happens. I think it is safe to say that out of every ten calls we get, either by phone or in person, nine will be for the purpose of inquiring what is the name of the candidate of such and such a party in such and such a constituency. That being the case—and we all know it is true—and because we all want the voter to have the right to vote for the actual person or the party for whom he wants to cast his vote, then why should we not, in the name of democracy, have on the ballot paper the political affiliation along with each name?

This system has worked exceedingly well in British Columbia, and I am sure it would work just as well in a federal election. The job is not too severe as far as the party leader is concerned. I had the honour of being party leader in the province of British Columbia for 14 years and under the authority of the act, as the recognized leader, I had the right to tell the returning officer who were the official candidates of the C.C.F. The Liberal premier had the same right, and he did on behalf of the Liberals exactly the same as I did on behalf of the C.C.F. There was no difficulty.

There is one other point I think should be noted, and that is the reason it is advisable to have this type of legislation. It is advisable in order that a person may be certain he is voting for the right candidate if there happens to be two who call themselves the official candidates of a certain party. Time after time in all parties, provincial and national, you have internal dissensions, disruptions and disputes, perhaps in one constituency or in two or three constituencies. The party know who is the official candidate, but somebody gets up on his own and says, "I am the official candidate"; yet he is not the man who was nominated and who the president says is the official candidate. It makes no difference whether it is the C.C.F. party, the Social Credit party, the Liberal party or the Conservative party. That is the sort of thing that happens.

The voter is entitled to know who is the official candidate of any party. It is not right that anyone else who wants to run for election should be able to falsely capitalize on the name of a political party when he is not the official candidate of that party. Of course he must have the right to run, but it is not right, fair or decent that he should be allowed to capitalize on the name of a political party. At the moment this can be done. There is nothing that can be done by a recognized party or by a recognized official candidate to prevent it.

We can very easily solve these problems and make certain that the voter is able to vote for the person and the party he wants, merely by accepting the proposal before us to have the party affiliation placed alongside the name of each candidate. I have said this has worked and is working in other parts of Canada. It could work just as efficiently in a federal election. I hope the Secretary of State will take a second look at his position on this matter and will remove his objections.

Mr. Pinard: Would the hon. gentleman allow a question?

Mr. Winch: Yes.

Mr. Pinard: Supposing there was more than one candidate claiming affiliation to the same political group in his nomination papers, what would happen? Would the confusion not be greater than otherwise?

Mr. Winch: No, because the recognized leader of the party must certainly know who is the official candidate, if all parties operate on a democratic basis, as I presume all in this house do.

Mr. Pinard: If he were to refuse to file the written direction referred to in the bill, what would happen?

Mr. Winch: I would say that could be taken care of easily by the fact that it should be illegal for a person to take a status to which he is not entitled.

Mr. Pinard: How would the electors know the recognized leader had filed a written direction, without having a chance to look at it? If it is done on nomination day, would the electors have to go to the returning officer's office to look at the papers to find out whether or not the written direction referred to had been filed?

Mr. Winch: When you file your nomination papers you indicate the party to which you claim affiliation. At the time of the nomination the recognized leader of the party notifies the returning officer in writing of the name of the official candidate, and that is accepted by the returning officer. If the leader does not accept his democratic right when you have this system, and does not file the name, then the returning officer can take it as it is submitted by the nominee. I doubt if there would be any political leader in Canada, if he had this right, who would not exercise it.

The Acting Speaker (Mr. Applewhaite): Order. I think the time has come when I have to point out to hon. members that we are not in committee. The minister had the right to ask the last speaker questions for the purpose of clarification, but I think that has been done. The hon. member for Dauphin.

Mr. F. S. Zaplitny (Dauphin): As a matter of principle, I would have no objection to having the party affiliation affixed beside my name on a ballot paper. However, I am not quite as enthusiastic about this bill as some of my colleagues. We are all, of course, entitled to our opinions and I am going to express mine.

In the first place, I have some grave doubts as to the effectiveness of this bill to do what it seeks to do, and in the second place as to the propriety of one part of it. As to the effectiveness, I believe that if the objective is to make clear the political affiliation of the candidate in question, it would be reached more effectively and more properly by having an amendment to the form of the nomination paper itself, rather than to section 28 of the act. If you take the stand that wherever there is no written direction by the recognized leader of the party in question to the returning officer, then the name of the candidate and name of his party shall be as it appears on the nomination paper, then it is the nomination paper that should be the governing factor in this whole question. From that point of view I believe the objective would be achieved in a more proper manner if the nomination paper were amended. Speaking personally, I do not believe it is up to the party leader to designate who is the official candidate in any election.

I agree with the Secretary of State that this would lead to a great deal of confusion. You will note the bill states that the name of the political party or interest represented by a candidate shall be shown in the manner required by a written direction, if any, of the recognized leader of such party, and it shall be filed with the returning officer before five o'clock in the afternoon of nomination day. This amendment deals with the Canada Elections Act which governs all the territory from coast to coast. This provision cuts the time rather fine when he has to file this direction before five o'clock on nomination day. In many constituencies it is not clear who is the candidate until the official nomination day ends, and that is about two o'clock in the afternoon, if I recall correctly. The party leader is thus given three hours to decide who is the official candidate in each constituency from coast to coast. The leader has to know the name of the candidate and whether or not he represents the party.

I think that is the greatest weakness in the bill. It leaves the onus on the leader of the party to do what, in my opinion, is the duty of the candidate himself. After all, the candidate is duly nominated under the provisions of the act by a number of persons who sign his nomination papers. He accepts that nomination by placing his signature on the nomination papers before witnesses. In other words it is the candidate, together with those who affix their signatures to the nomination papers, who are responsible for that act. I do not think it is right to make anyone else responsible for that nomination. The people who are performing that act of offering the candidate to the electors should accept full responsibility for it. As I said at the outset, I have no objection whatever to having the party affiliation included on the ballot paper, but I feel it would be far more effective to provide for that on the nomination paper itself.

At the moment, all the nomination paper calls for is the names of the persons endorsing the candidate and the candidate's signature and his occupation. It would be a simple

matter to provide an additional space on the nomination paper calling for the political affiliation of the candidate and leaving it optional to him to fill in that space or leave it vacant. As a matter of fact as I read the act, and I read it quite carefully, there is nothing which would prevent a candidate from stating his party affiliations in his nomination paper now. The act does not state that he must do so, but there is nothing to say he cannot do so.

Section 28 of the act, which this bill seeks to amend, states that the ballot paper shall contain the names, addresses and occupations of the candidates set out in the heading of the nomination papers. We see that the word "occupation" is not defined in the interpretation section of the act. With due regard for those who may have had more experience in legal matters than I have, from my own observation I feel there would be nothing illegal in a person stating his party affiliations in the space provided for "occupation". There would be nothing wrong if a candidate said that his occupation was "Liberal", and there is nothing in the act to say he could not do this. It would be perfectly legal.

I am not saying that this is the best way to arrive at the objective. It would be more orderly if, on the nomination paper, together with the space provided for the occupation, for purposes of greater identification there were a space for the party affiliation of a candidate who might wish so to designate himself.

In saying this I come back to the original proposition, that I believe it is the responsibility of those who sign the nomination papers sponsoring a candidate, and of the candidate signing the papers accepting nomination, to decide who the candidate is and what he represents. And I do not think it is right to ask any person outside that constituency to have anything whatsoever to say about either the affiliations or the qualifications of the candidate concerned.

If it happened that there were two candidates with similar names, similar initials and similar occupations, and there was a danger of confusion on the day of voting which, I believe, is one of the reasons advanced for this bill, then I would refer hon. members to section 28 (3) which states:

> Any candidate may, within one hour after the close of nominations, supply in writing to the returning officer any particulars of his address or occupation which he considers to have been insufficiently or inaccurately given in his nomination paper.

Then it goes on to say what shall be done. I have no doubt the purpose of this subsection was that if, on nomination day, a candidate were to learn that another candidate with identical name, initials and occupation was to be nominated, he would have the opportunity within one hour to make whatever changes might be necessary in the designation of his name and occupation so as to distinguish between himself and the other candidate, and thus avoid confusion.

That is the safeguard set out in the act, and I think it is well to keep it in mind. I believe the purpose of the bill—and I am using my own imagination, realizing that the sponsor will speak for himself—is to clarify the identification of the candidate concerned. It is the belief of those who have put the bill before the house that the addition of party affiliations would aid in this identification. If that is the objective, then I suggest the proper way to attain it would be to have the nomination paper amended to provide an opportunity for the candidate wishing to exercise that privilege to do so.

For that reason I am in line with the principle of the bill, although it is difficult to distinguish between principle and method. However, if the principle is that the candidate who wishes to do so may designate his party affiliation, then I am in favour of that principle. But if this bill goes to the appropriate committee it is my intention to seek an amendment to it, because I do feel the onus should not be placed upon a party leader but rather upon the candidate and those who sponsor his nomination.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I am quite interested in this amendment, because it provides that all ballots shall be of the same description and that they shall contain the names, addresses, occupations, political affiliations or interests.

I remember reading, in the days when Mr. Mackenzie King was prime minister, his frequent references to interests. From time to time he referred to powerful financial groups or corporations as "interests". And I recollect once being in the gallery of the House of Commons as he read a list of members in the other place belonging to the Conservative party who were connected with what he called the "interests".

As I listened to the hon. member for Winnipeg North Centre paying an appropriate tribute to Mr. Duncan MacTavish, I was wondering what would happen if we adopted this amendment, and whether by doing so we would not prevent his entering these halls and speaking to us here in parliament with the authority with which he spoke the other night when addressing the Liberal federation, when he said that members of parliament

were doing harm to the country when they pointed out the conditions existing—

Mr. Winters: He did not say that.

Mr. Diefenbaker: —and when he also warned as to the danger to parliament of such a situation.

Mr. Speaker: Order. Perhaps we can now return to the subject matter of the bill.

Mr. Diefenbaker: Mr. Speaker, I am sure you will grasp immediately the significance of my remark when I refer you to the fact that if this amendment is passed from now on the political affiliations or interests of a candidate will have to be inserted. I was pointing out, in view of the fact that Mr. MacTavish is a director in 19 great corporations, as we read in the Ottawa *Citizen* of March 31, just how impossible such a ballot would be. As a matter of fact no ordinary ballot could possibly be devised to cover the interests of that gentleman in the corporations which have honoured him with directorates.

Mr. Knowles: Do you regard corporations as political interests?

Mr. Diefenbaker: It does not say "political interests." It says "political affiliations or interests". I am not in any way believing that the adjectival description would apply to the second word in the sentence, because it is disjunctive.

This shows the danger inherent in an amendment such as this which, as I said a while ago, would deny Mr. MacTavish the opportunity to speak in parliament as he spoke to the federation. On that ground I must say with due respect to the hon. member for Wetaskiwin, who has introduced the amendment, that I shall have to oppose it. I know the hon. member introduced it before that magnificent speech was made to the Liberal federation and before the Ottawa *Citizen* pointed out the many interests of Mr. MacTavish. And, even yet, I believe that if we want him here, some consideration should be given by my hon. friend to an amendment which would remove that part of the description which, in the case in question, would result in a denial of that opportunity all Canadians ought to have to serve in the House of Commons.

Having said that, I must also add that I believe the political affiliations should not be on the ballot paper. If the word "interests" was there, and a man in Mr. MacTavish's position desired to enter parliament, the ballot paper would be very long indeed. Political affiliations—well, who would determine the political affiliations? Would it be the president of the association? Who would determine who was the official candidate and who was the unofficial candidate? All these things indicate the difficulties in the way.

I do not believe the other arguments advanced by the hon. member for Greenwood and others who have opposed this measure need to be repeated by me. They appeal to me. I think of the potential danger in that word "interests", and in parliament having the services of the gentleman I mentioned so that he would be able to read the lectures to parliament here that he now has to read outside.

(Translation):

Mr. Gerard Legare (Rimouski): Mr. Speaker, I do not wish to prolong this debate, but I would like to offer a few remarks. I will vote against implementation of this measure because I am convinced that it is far from being such as to clarify the issue at all. As a matter of fact I rather feel that in many cases it would have the very opposite effect.

I do not have to look very far for an illustration, no further, in fact, than the last election in my own constituency where there were three Liberal candidates. It has been suggested that the word "official" be added to the political affiliation. But suppose the party leader refused to designate his official choice? In that case all candidates would have the same political affiliation. For that reason I do not think the proposal is sound, and I will vote against it.

On three occasions I was called upon to act as returning officer in my own constituency, and never once did any voter suggest to me that the lack of any indication on the ballot as to political affiliation had given rise to any confusion whatever. I rather feel that adding it would only make for greater confusion. That is why I propose to vote against this proposal.

(Text):

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker—

Mr. Speaker: If the hon. member speaks now he will close the debate.

Mr. Thomas: Mr. Speaker, at the outset I should like to assure the hon. member for Prince Albert that if his main objection is the fact that Mr. MacTavish could not get his name on the ballot, if this bill gets into committee we shall make the proper amendments to see that the gentleman may do so, either by cutting it down slightly or by making his particular ballot three times as wide.

One thing has been proven, and that is that there is no earthly reason why the political affiliations should not be put on the ballot paper. Not one logical reason has been

put forward why this should not be done. The main arguments of the hon. member for Greenwood, the hon. member for Quebec South, and the hon. member for Prince Albert were these. We are gathered here as a group of friends tied to no political affiliation. We are elected as individuals; we sit in the house as individuals, and this should be an association of friends and not an association of political groups.

I quite agree that probably should be so. But let us not forget that after we are sent here—and I am not going into all the details of how we are elected on party tickets, which we are—we are segregated into political groups in this house. The seating plan gives the political affiliations of all hon. members. The list of members that is sent around to the offices by the queen's printer lists them all according to political affiliation. On the back pages of *Hansard* every Wednesday there appears an alphabetical list of the members of the House of Commons along with their constituencies, their addresses and their political affiliations. It does seem strange that if we are to sit in this house as not only members of parliament but as members of groups in the house, and if we are designated as such in official documents, we should not be elected on the strength of our political as well as our personal qualifications.

I move the adjournment of the debate.

On motion of Mr. Thomas the debate was adjourned.

Mr. Speaker: At eight o'clock the house will resume the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed consideration of the motion of Mr. Pearson:

That items numbered 92 to 111 inclusive of the main estimates, 1955-56, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. A. R. Lusby (Cumberland): Mr. Speaker, five o'clock found me speaking on the very real danger of utter destruction which confronts the world today. Since then we have had three hours' grace; we may have three years, or more for that matter; nonetheless the danger must be considered as of the very greatest imminence.

I had said also that in my view the only permanent solution was some effective form of world organization of nations. Therefore, without minimizing in the least the importance of those policies which are our only immediate available resource for safety, let us never lose hope that the future may bring, and bring in time, that effective form of international organization of which I speak and therewith the end of wars and rumours of wars and the possibility of war.

Today, as we all know, there is a form of international organization, the United Nations, which was created in that very hope and for that very purpose of ending war. What I have said largely and what I am about to say, is inspired by my interest in that organization. I was fortunate enough to have the opportunity to attend the general assembly of the United Nations in New York last fall as a parliamentary observer with the Canadian delegation. While there I acquired as much knowledge as I could of that organization and its functioning. I see in it a hope for mankind not otherwise discernible.

It may be that I have been reading the wrong newspapers, but I have been disturbed by what seems to me increasing cynicism and pessimism with regard to the United Nations. I suggest that this attitude has become all too common in newspaper editorials and articles, those potent purveyors of digested opinion by which it is inevitably fostered in the minds of thousands. To a considerable degree, though perhaps not so much in this country, it has appeared in the utterances of many public figures.

We have heard and read that the United Nations is dying and that it has become a mere debating society; that there are few united notions in the United Nations. We have even heard such derogatory references as UN windbags, costly impotence and so on. We do not have to run far to read or hear such journalistic and other comment of this kind. I think perhaps it has spread more in the United States, but I am afraid it has also spread to a considerable extent on this side of the boundary also.

Perhaps an attitude of pessimism has been encouraged by the fact that so far the United Nations has fallen woefully short of its primary objective of being an effective instrument of world peace. Certainly today our hope for national safety must largely repose elsewhere. It is true, of course, that many measures are being taken, NATO for instance,

which come directly within the letter of the United Nations charter. But I must say that I have always had some difficulty in reconciling such alliances, at least on the military side, with the true spirit and ultimate purpose of that charter.

Of course it is usually easier to tear down than it is to build up, but apart from that I realize fully that such criticisms of the United Nations as I have mentioned are by no means baseless. They are founded on inescapable fact; as a matter of fact they even have their value in pointing out numerous weaknesses which are inherent in the organization as at present constituted and functioning.

In some aspects the United Nations does appear to be moribund. It is more noted for dispute than for agreement. Deadlock, usually achieved in important matters by the veto or threat of the veto, is a common result. There are windbags at the United Nations who often engage in endless and aimless debate. As a matter of fact I have endured their droning myself. I was able to go back to my chair quite frequently, shut my eyes, and think myself back in this very chamber. Of course none of us is perfect.

As a matter of fact I have wondered if back in the distant days of Simon de Montfort, at the news of the calling of the first English parliament, from which this House of Commons traces its proud lineage, the wiseacres of that day did not shake their heads and prophesy as many frustrations for that organization as now plague the United Nations, and if they did not mutter in their beards that it would not work. But at least they had no newspapers to write letters to in those times.

In any case, what is said in derogation of the United Nations has a solid if unpleasant basis of fact. Nor does the immediate prospect of greatly improving the effectiveness of the organization seem bright. Consider one matter, the admission of new members. With half the states of Europe and many of Asia, including the effective government of mainland China, on the outside and their entry barred by one faction or the other within, the United Nations is still far from being a representative world organization.

I have mentioned the effective government of mainland China. In case my meaning should be mistaken I wish to say at this juncture that I am certainly not advocating either the recognition or admission to the United Nations of the red Chinese government in its present mood. Certainly it could hardly qualify as peace-loving within the terms of the United Nations charter. I merely suggest that if a stable peace is to be attained some day we must hope that government will eventually qualify itself in this regard. For all I say, indeed, is with an eye to the future, and not even the immediate future.

As against all the problems and failures of the United Nations let us set up a not inconsiderable tally of solid accomplishment. Let us remember that if there are aimless talkers at the United Nations there are also men of vision. The organization provides a forum for the expression of world opinion. I do not think even Russia is entirely indifferent to world opinion. The United Nations has been a strong champion of human rights. Although it has not attained its fundamental purpose, the abolition of war, it has composed numerous local conflicts, any one of which might have led to a major outbreak. Palestine, Kashmir, Indonesia, Korea, Greece, Berlin; all these might be inscribed on the United Nations banner as victories in the cause of peace, even though as yet some of these victories cannot be considered complete.

Through the activities of the United Nations and its associated specialized agencies much has been done to raise the standards of health, sustenance and education among the depressed millions of the earth. Much too has been done to strengthen the economy of backward nations. Those of you who saw the picture "Assignment Children" recently shown here can better appreciate that phase of United Nations work which is portrayed. The program of atoms for peace, instituted under the auspices of the United Nations last year, may prove to be one of its major accomplishments in ameliorating the lot of humanity.

Paradoxically enough, Mr. Speaker, I think that if the organization had come into being with no object beyond its work in the fields of health, education, and social and economic welfare, there would today be a much keener appreciation of its worth and far less talk of its failure. However, although its work in these fields is a very real contribution to the cause of peace—for peace cannot be soundly based on poverty and wretchedness—the failure of the United Nations in its primary objective, the permanent removal of the shadow of war, not unnaturally overbalances all else. But even here a proper perspective must be maintained. What are the ten years of the United Nations' existence as against the age-old search for peace? Indeed, those who founded the organization considered that the first ten years would be experimental only, a time for trial and error. I may add that the

American founders were by no means so oblivious to the likelihood of trouble with Russia as is often supposed.

At the end of ten years, therefore, there is in contemplation a thorough study of the United Nations charter with a view to effecting such changes and improvements as the experience of the decade may suggest. Whatever revisions may be made, we cannot suppose they will eliminate or avoid the present difficulty with which the organization contends; the cleavage and struggle between the world forces of democracy and communism. But I suggest that the likelihood of significant revisions emphasizes the fact that the organization is not static nor dormant, and that there is room for improvement and expansion; that what is now little more than the first draft of that buttress of peace which man aspires to build may yet develop into the complete structure. It is at least a hope, and to abandon it would be to my mind a counsel of despair, carrying the connotation that the horror of total war, soon or late, is inevitable.

I sincerely commend to this government, therefore, that it continue its policy of strong support of the United Nations organization, and endeavour in every way to increase its strength and prestige. In particular I should like to see an intensified program to disseminate knowledge of the United Nations and its functions more widely among the people of Canada. In the continued existence of the organization there lies at least some prospect of better things to come. But if the great experiment is allowed to fail, if the United Nations goes the way of the league of nations, it may well be a sign that man himself is far along the road to his own destruction.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, this debate on external affairs is hardly the type of debate that many of us might have expected to be participating in when the war ended ten years ago. After one of the most decisive victories in all history there were few then who did not contemplate the possibility of long years of stability, long years of the kind of peace that had been earned by the sacrifice of so many young men and women, and older people as well, throughout the world.

We are confronted today with the dreadful reality that scarcely a day goes by without some new incident reminding us that we are living through a most precarious period of history, in which new forces are constantly forming to threaten the very survival of the system which we thought had been established with great security at the end of the last war.

At this time there are three places very much in our minds. These three places have been brought to our attention in the press and over the radio very frequently in these past few days. The first of these is Formosa, to which most of the discussion in this debate has been directed. The second is Viet Nam, where we see not only a division of forces as between communists and non-communists, but a tragic division within the ranks of the non-communists as well. Then, to remind us that this is a world in which trouble might appear at any point or place or time, we have learned today that at midnight last night the communists who supervise the highways leading into Berlin suddenly imposed taxes that were 10 and 12 times what they had been previously on trucks carrying vital supplies into that isolated city. We see the beginning of something that conceivably might create all the pressures and difficulties that were encountered at the time the airlift was needed some years ago.

Formosa has attracted our attention because we are told of the massing of forces there which might lead to a general outbreak. It seems to me that one of the things we should bear in mind in connection with what is taking place there is the fact that was emphasized by Sir Winston Churchill in the House of Commons at Westminster only a short time ago, and which was repeated again within the past few days by Sir Anthony Eden. The threat to Formosa is a threat which particularly involves the forces of the United States.

As the Secretary of State for External Affairs has said in this debate, circumstances might well arise out of any general conflagration which began there that would involve us as well as other freedom-loving nations. Nevertheless there is a particular obligation of the United States in connection with Formosa, and we can perhaps take some comfort in the knowledge that the decisions that will be made there will be decisions entirely within the hands of the President of the United States. I am sure there is not an hon. member of this house, and there are few Canadians, who would not express confidence in the judgment, military knowledge and desire for peace of that great leader in this democratic world of ours.

That does not mean, however, that we should be expected to follow the lead of the United States on every occasion. They have made it clear that they do not expect that of us. I must say that certain recent events have at least given considerable reason for the belief that we have some reason to look with admiration and respect to the wise, cautious and farsighted course followed by the British government in dealing with international affairs. We do not of necessity

follow any other government, but it has been pointed out to us that we live in times that no longer can be measured in terms of ordinary wars.

In this debate we are discussing—as we shall be doing in every debate on external affairs and defence, which are such closely related subjects—the survival of humanity itself; it is nothing less than that. It is hard yet for any of us to grasp the dreadful reality that it is now within the range of possibility that human beings could destroy life on this planet of ours by building and exploding a sufficient number of hydrogen bombs to contaminate the whole air about us for hundreds and perhaps thousands of years to come. It is like something out of a terrible nightmare, yet it is a reality.

This terrifying truth about the hydrogen bomb has produced in the minds of all too many people a form of hopeless fatalism which discourages positive action with regard to defence or those measures which seem to be essential for the preservation of our society. The picture is terrifying enough, Mr. Speaker. God forbid that we should ever lose hope for peace. God forbid that we should ever accept as inevitable the destruction that would follow the full use of all the explosive powers that have been created and built up within these past few years. God forbid that we should ever cease striving with all our strength to retain sanity and to preserve that peace that many of us here thought was so secure after the immense sacrifices of the last war.

The greatest living statesman—perhaps the greatest living human being; certainly the man with the longest knowledge of war and the possibilities of war based upon an infinite understanding of history—has given us hope even in these dreadful days. Only a short time ago, in the picturesque language he employed, Sir Winston Churchill held before us the possibility that peace and security might be the sturdy child of terror. At some point the power to destroy will be so great on both sides of the iron curtain that it does not matter much whether one side or the other has a little bit more of that power. If there is available enough power to destroy all the great centres of industry, of concentrated population and of transportation in the leading countries on either side, it does not make much difference if you have four or five times the number of bombs that would do that job. At some point we are going to reach a balance of terror. When that happens, much will depend upon the clarity of thinking of all people who are free to discuss, to talk and to think. Much will depend on the spirit of the free peoples. Much will depend upon their determination to preserve in any way they can a sensible, orderly life under that overhanging cloud.

A great many who are in this house tonight will remember vividly that in the early days of the last world war no person was allowed to move around London or the larger cities of Britain without a gas mask. I think the same thing was probably true in the other countries. There were in existence at that time terrible and extremely destructive gases. They were never used. The reasons for that fact may still be difficult to determine. I prefer to believe that neither side wished to begin destruction of that nature.

Those who were in London in the early days of the last war will remember that ghastly figures were given of the expected casualties when gas attacks came. They were not saying, "if gas attacks come"; they were talking about the casualties when gas attacks came. They did not come. That kind of warfare did not happen.

Conceivably this new kind of warfare might not happen. After all, the Russians are people strangely like ourselves in many ways, except in the political thinking of those who have control. They have the same number of bones in their bodies. They have two eyes, a mouth, a nose, and most of the ordinary responses; and they like to live. It is not likely that, without a good deal of consideration, they would precipitate a situation in which they would know that within hours destruction which would make Hiroshima and Nagasaki seem like child's play would suddenly be visited upon Moscow, Stalingrad, Leningrad and all the great cities and industrial centres of Russia.

Naturally we do not contemplate such a possibility with any satisfaction. One thing we all know is that such a war is not going to be started from our side of the iron curtain. It is not within the realm of possibility that the United States, Britain or any of the democratic countries is going to start a war of that kind. There is therefore hope; and while there is hope each one of us should be constantly considering ways and means by which the possibility of peace may be extended.

This afternoon the Secretary of State for External Affairs mentioned the suggestion that has been made that there be an interchange of parliamentary representatives between the countries beyond the iron curtain and those on this side. Well, why not? After all, people sometimes forget that it was quite easy to travel in Russia some years ago. In fact, when we talk about the days of the czars as though stern conditions existed then

which were relieved by the communists, it may be surprising to many people to learn that then there was no difficulty whatever in going to any ticket office here in Canada and buying transportation by boat and then by rail to anywhere in Russia. In fact you could cross Russia without a passport. Now no Russian can move from one town to another without a passport. It is not only people from outside who must have passports.

By all means let us hope that the opportunity to visit and see Russia will be extended. I should like to go back again, but under reasonable assurances. I have seen two of their jails, and I would prefer when I go back again that it be under appropriate arrangements that suggest the possibility of carrying on ordinary activities without interruptions of that kind. We must recognize that so far this is only a gesture. But if it should prove to be a reality, then I would hope that an appropriate number of the members of this house, which would be determined in the usual way, would visit Russia. I would hope they would have a chance to visit the Ukraine, which is a separate nation by declaration of Russia itself. I would hope they would have a chance to visit Poland, Rumania, Hungary, Czechoslovakia, Bulgaria and the Baltic states, and see exactly what the conditions are there. If there is anybody who has any soft-hearted attitude toward communism, if he keeps his eyes open when he is there he will come back with no uncertainty as to what communism really is.

I would hope that Russians would come here. We give them a good deal of freedom as it is. We certainly give their agents plenty of freedom. By all means let them come. Let the contacts be extended. But let us not lower our guard at any time. Let us not be led into any false sense of security. Let us hope that by exchanges of this kind the possibility of real contacts, real understandings, a real exchange of ideas, might be increased. Today this, at best, would only be a beginning.

During this time we may live with a balance of terror there still will be the necessity for what we loosely describe as conventional forces. Let us not get carried away with any idea that because there is this immense power in existence it is not going to be necessary to have the kind of forces that can deal with difficulties that arise from time to time, such as that which occurred in Korea. After all, the attack on Korea came many long years after the bombing of Hiroshima and Nagasaki. Yet that war was carried on without a single atomic weapon being used.

[Mr. Drew.]

I most earnestly hope that difficulties will not arise in the Formosa straits that will lead to a general conflagration in that area. I may be rash but nevertheless I have the hope that they would not lead to a world conflagration. They did not in Korea. I have very real doubts that the men in the Kremlin are going to invite that kind of destruction in Russia if China becomes involved in a local conflict of that nature, which only they will precipitate if its starts at all.

It is not my intention tonight to make extended remarks about Formosa or about Matsu and Quemoy, which have been under discussion. Nevertheless there are one or two things I should like to mention. I was intrigued by the emphasis placed on the distance from Quemoy and Matsu to the coast of the United States. This point was raised in the debate today, as though that proved outright that they were really not of much concern to the United States.

May I make it very clear that I am not going to engage in any speculation as to the strategic importance of those two islands; that is peculiarly the problem of the government of the United States at this moment. But the distance is not the test. Berlin is also a long way from here or from the east coast of the United States, as are a number of other places in which we are greatly interested.

One of the things which it seems to me would bring a greater sense of understanding among us all in discussing the situation at Formosa would be to stop talking about Chiang Kai-shek and comparing his qualities with those of Mao Tse-tung. I must admit that I find it difficult to understand from what source some of my friends to the immediate left have formed such a high impression of Mao Tse-tung. Without in any way comparing these two men, why not let us be quite clear about the fact that it is not Chiang Kai-shek the government of the United States is supporting. The government of the United States has decided that the island of Formosa and the Pescadores, at any rate, are part of a general defence line in the Pacific. They have not forgotten Pearl Harbor. They have not forgotten that at a time when the hitting power of aircraft was very limited compared with what it is today, for a time it seemed as though their whole west coast might be open to attack because of what happened at Pearl Harbor. They have decided that Formosa is an essential link in that chain of defence islands in the Pacific.

I think we would all keep our arguments on a much saner basis if we recognized that

fact. I do not subscribe for one moment to all the terrible descriptions of Chiang Kai-shek that are put forward by my friends to the immediate left. In fact I doubt if they have evidence of some of the things they say. I have not seen it, and I doubt if they have. Most certainly there is no reason for any of us to believe in the interpretation they put on the actions of Mao Tse-tung, who has murdered millions of his own people. But let us remember that if Chiang Kai-shek were not there today and someone else were there, the United States seventh fleet would still be in the Formosa straits and United States aircraft would be on the air bases in Formosa, as they are at this time.

I welcome that. I welcome it for more than one reason. It is the reality of the situation. It is the reality of a situation in which the government of the United States says, without reservation, "We are going to take the appropriate steps to see that communist aggression moves no farther west into our own area". Also I welcome it for another reason. It seems to me that perhaps they will understand a little better the presence of British troops in Hong Kong and Singapore if they realize exactly why it is that they are in Formosa, and thus dispel any of the illusions that might otherwise surround that situation.

I mention this because I believe that frankness, appreciation of definition and clarity of purpose are the proved essentials of peace. I believe that horse trading and loose situations are the very things that invite trouble. I think that is what we learned at the beginning of the last war. And I would hope to see within some not too distant time a more precise definition of what the real defence line is in that area, and in other areas of the Pacific. I think we have very convincing reasons why that should be a very hopeful thing for us.

We must try to preserve peace in every way we can. But surely if history teaches one thing it is that we will not preserve peace by some form of horse trading with the communists now or at any other time. We can no more buy off Peking or the Kremlin than we were able to buy off Hitler in the days before September, 1939.

I think we have received great encouragement from a place which has come back into the press prominently in the last 48 hours, and which is not far removed from Formosa in terms of principle even though it is half way across the world. If there is one thing we can learn from what has happened in Berlin it is the importance of a clear definition of the boundary line and of the issue, and of what will happen if that division is not recognized. When we are sometimes told about the geographical location of certain places, and when it is argued that this place or that falls more logically into one area than another, let us remember that there is no more unreasonable situation in the world today, and I doubt if there ever was a more unreasonable situation, than that with which Berlin is confronted at this very moment.

There is a city with millions of people, a small island of freedom more than a hundred miles inside the Soviet zone. There does not seem to be any sense in it. They get all their supplies over two or three limited highways. There are three narrow air strips five miles wide which must be followed when flying in there. There are rail lines going there, passing through Soviet territory and supervised by the Russians. Yet Berlin has grown and prospered, and West Berlin today is a place of great vitality and confidence.

Why? Because of a very courageous decision, because of what seemed to be a very daring decision. The three western powers, Great Britain, France and the United States, said in simple, clear and unequivocal terms: West Berlin is part of West Germany; access to West Berlin is part of the survival of that city. No matter how irregular the boundaries may be—and they are very irregular between East and West Berlin—there are the boundaries; the moment those boundaries are threatened, that means war.

That was an ominous declaration. It was a declaration which aroused great concern at the time. There were British, French and American troops in that distant island of freedom, completely surrounded by Russian armour, Russian infantry and Russian aircraft. Yet there has been no attempt to change those boundaries. There was the blockade, when the airlift was suddenly brought into existence by the western powers to supply Berlin. Now we see this special tax measure as another attempt to interfere with transportation. But Berlin, with all the irregular boundaries passing through that city, remains as the junction point of two worlds, and West Berlin remains as an island of freedom. Never has there been a time, never, when the Russians could not have marched into that city within a comparatively few minutes. But they knew what that meant, and Berlin has remained free.

For that reason I suggest that appreciation of definition both as to boundaries, as to issues and as to consequences does assume tremendous importance in our efforts to preserve peace. I have mentioned Berlin as an illustration of why I hope we will have exact and precise definitions in the east.

Nevertheless we must remember that this is the responsibility of the United States. I for one do not believe that trouble there would bring about a general conflagration. I think we can therefore refrain from undue criticism of our friends in the United States in their efforts to deal with this particular problem. That does not mean we abandon any right to express our opinion, and I am expressing my own opinion once again. Preciseness of definition will be of maximum help.

I have used Berlin as an illustration, but let me refer to it in another way. Already there has been a debate in this house in regard to German rearmament. In that debate in this house as elsewhere there was heartburning, there were uncertainties, because it is not easy to forget that twice within the lifetime of most of us Germany has been the aggressor and that many in this house tonight bear on their bodies the marks of those struggles started by German militarism. Nor is it easy to forget the ghastly pages of history which contain the names of Dachau, Buchenwald and Belsen and those other horror camps which forever stand as a blight on the record of the German people, with all the great qualities they possess.

We made our decision. It was a right decision; it was the only decision which offered hope. It was the decision which the British people were called upon to make after the Napoleonic wars, when another dictator had visited destruction on the whole of Europe. History is useful as a guide. It is worth remembering that Napoleon was not regarded with any very friendly sentiments by the people of those nations into which his troops had entered in cold aggression. Whether it be in Madrid, in Vienna, in Prague, in Warsaw or in Moscow, there are memories of the aggression of that time.

When that war was over and Wellington was the head of the Grand Alliance, the very same arguments were put up to him. Never again must France be allowed to have arms with which to threaten the peace of Europe. It is worth remembering today that it was Wellington who said, "If France is to be a member of the society of Europe, then our purpose must be to gain the friendship of the people of France, and that can be done only if they are treated on terms of equality". It was his decision, accepted it is true by the government, and on the basis of that decision the greatest historic friendship of all time began when France and Britain marched side by side through the generations that followed.

Surely there is a lesson for us today. Yes, there were horrors and there were terrors imposed by the troops of Napoleon, not comparable, it is true, with the stories that came out of Germany and out of German-occupied countries in the last war, but bad enough. We have seen the lesson; we can hope there will be friendship of that kind, and that hope should be justified by the wonderful contribution made to the life of our country by people of German stock who have come here to live and who are among our very finest citizens. What better evidence could there be that there can be no such thing as some fundamental weakness in the German strain than the fact that the President of the United States, who today is the most powerful leader of the western world, came only a couple of generations removed, direct from Germany. These are the things that give us hope, but there are also reasons for concern.

Those things should be borne in mind. There was every reason for France to show some concern, as she did. It would be appropriate in this house, a few days after France has ratified those agreements, to express our admiration of the men who did ratify them under difficulties that we simply cannot understand. After all, there were reasons why it was difficult for France to agree, which were not before our eyes when this decision faced us.

Across the whole of France are tragic reminders of German invasion in 1870, in 1914 and in 1939. Anywhere you go from the North Sea to Belfort on the Swiss frontier, anywhere you go from the Pyrenees to the northern frontiers, anywhere you go from Brittany or from the famous beaches of Normandy, you see those cemeteries which day by day remind the people of France of what German aggression really meant. I marvel that they were able to gain support for those treaties. They have done it, and from this house could well go words of admiration, of hope and of great confidence in a country which, with all that evidence before it, with millions of graves of two world wars in their own soil, have joined in this great and challenging act of friendship. But they were conscious of the dangers. They were emphasized during the debates; nor should we forget them.

Part of those Paris treaties that take the place of the European defence community deal particularly with the unification of Germany. I wish to speak on that. Chancellor Adenauer has made it clear that his primary purpose is to bring about the unification of Germany. That is an understandable ambition. In the declarations approved at Paris it was clearly stated that this must be by peaceful means. Germany, under the signature of Chancellor Adenauer, undertakes that

it will be by peaceful means, but Chancellor Adenauer will not be there forever. Therefore let us look at that situation for a moment.

What does unification mean? There is no doubt about the fact that it is constantly in the German mind. Just last week the Bundestag passed the appropriate measure to start rebuilding the Reichstag, which is not a hundred yards from the Soviet sector of Berlin, a fairly challenging gesture. It is intended to emphasize to the communists as well as to the west that Berlin is the capital of Germany. That is in their minds.

What happens when West Germany is rearmed? East Germany is substantially rearmed now. Is East Germany faithful to the communist cause? The answer is emphatically no. The answer to that question was given on June 17, 1953, when the food riots in Berlin sparked a series of outbursts in every city in Germany which amounted almost to open revolution. There was no integrated plan; it was a spontaneous outburst against communist control. I saw the official records of what had happened in those East German cities when I was in Berlin last August. I had no idea until I saw them that there had been great bloodshed in many cities, that tanks and armoured forces were required to put down the uprisings. That is how strongly the people felt.

I mention this because it may suggest what could happen when a rearmed East Germany and a rearmed West Germany stand side by side. Suppose something happened in East Germany which called for Russian intervention. Would a rearmed West Germany stand idly by? I do not need to answer that question. Or is it possible that the two forces might come together in some other way?

Many hon. members here will remember the ingenious device employed by von Rintelin in the first world war to destroy allied ships at sea. It was a small lead tube about the size of a cigar and contained two chemicals separated by a thin plate. The chemicals gradually ate into the plate and at a given time met and an explosion occurred. I do not think it is unfriendly to West Germany to suggest that it is tremendously important that we recognize this danger which in turn could carry the spark which would involve communist forces beyond. Now is the time to make sure there is a clear understanding and a clear definition as to how this is going to be done; that there is no uncertainty, and that there should be agreement that there must be allied staff officers so closely in association with the troops of West Germany that there could be no reallocation and redeployment of troops preparatory to any movement of that kind without the western powers being fully aware of that fact. These are realities; they are the kind of realities we must face if we are going to have peace.

When we talk about unification, just what do we mean? Is it unification of West Germany as we know it today and East Germany as we know it today? Most people think of it as the union of West Germany and East Germany which we see on the map, but the West Germans do not think of it as that. I wonder if it was sufficiently realized when a very important gesture was made last July to place Berlin in the German structure and members of the Bundesversammlung were flown into Berlin to elect their new president. The new president, Theodor Heuss, was elected in what is known as East Prussian hall. East Prussia is not in East Germany; East Prussia is well beyond the boundaries of East Germany.

In Berlin there are pictures which show the people there what they describe as the lost provinces. There are nine of them, but only three are in East Germany. I should think it would be important that we have a clear understanding of what they mean by unification, that there be a precision of definition because in any uncertainty about it there could be the makings of great trouble in the years ahead.

We have taken a bold and I believe necessary step in the western world in restoring sovereignty to West Germany, in assisting their rearmament, in extending the hand of friendship and widening the channels of trade. But let us not blind ourselves to those things which could cause difficulties in the years ahead unless they are understood and faced today.

I mention these because Canada with her 15 million people can never be suspected of aggressive intentions. Her voice can be heard. There is no government which is not willing and anxious to hear the opinions of the government and people of Canada in regard to matters of this kind. I would hope that perhaps we will contribute something to the understanding and solution of this problem, because I would be very sorry if in the years ahead we continued to be worried by uncertainties such as those which were associated with the Danzig corridor in years gone by, and other uncertainties of that kind. This must be done if we are to establish some sort of general stability in this period which we hope may be one of peace.

I leave my remarks in regard to the military situation there. I hope and pray that following the lessons of the past the good spirit of Germany may emerge triumphant in partnership with the west, and that we may

contribute much to the fellowship and understanding which will bring them wholly into our partnership. But I am sure the firmness of that friendship and the hope of peace will depend upon our frankness in facing issues and in pointing out dangers before it is too late to discuss them in reasonable and understandable terms.

We are going to have a period of coexistence whether we like it or not. We are in a period of nuclear coexistence. It is going to involve a lot of thought, a lot of discussion and a lot of very earnest effort. In the desire to attain peace there is certainly complete agreement within this house. May I say to my friends to the immediate left that if by inference I have been critical of any statements they have made, I certainly do not question the fact that within this house there is complete unanimity in the desire to achieve peace by the means that seem best to those who put forward arguments in different forms.

If we attain some stability and can gain time, then much can happen that we cannot foresee today. There was nothing in the arithmetic of war in the summer of 1940 to show how victory was going to come to Britain. They stood firm. Time was on their side, and God in his infinite wisdom followed a course which brought victory. And I believe it was Divine guidance, because it was the decent thing that prevailed.

If we in the western world will stand firm today in acceptance of the principles to which we subscribed at San Francisco in 1945; if we are patient in our efforts to maintain peace by the collective strength of the western nations, and if we do not abandon principle for expediency, then I believe that in this balance of terror which nuclear coexistence has brought we may see the birth of a real and extending peace. Precise definitions, strict adherence to principles, with all the nations of the world committed to the same principles of freedom, with patience in carrying forward the cause of peace, may still offer hope in the face of this dreadful terror.

Mr. O. C. Trainor (Winnipeg South): My hon. friend from Mackenzie (Mr. Nicholson) in his speech this afternoon saw fit to castigate the Secretary of State for External Affairs for a rather mild criticism of Soviet statesmen. At the same time he utterly ignored the violent vituperation of Soviet statesmen against the western nations, in the Soviet equivalent of Billingsgate.

Mr. Nicholson: But the minister is a Christian.

[Mr. Drew.]

Mr. Trainor: All right, but why ask for a different standard for the communists? After all, he is a world statesman; he should be compared with other statesmen.

Mr. Speaker, one of the more curious phenomena of a debate on foreign affairs in this house is the unanimity with which the C.C.F. party attacks the United States, engaging gleefully in the seemingly pointless pastime of plucking the eagle's tail feathers. I say this phenomenon is curious because at first sight there does not appear to be any logical explanation. However, on reflection two possible reasons present themselves.

In the first place the United States represents the antithesis of the socialist ideal. It violates with impunity every tenet of the socialist creed, and moreover has the extremely bad taste to enjoy conspicuous material success while doing so. It must be galling to devote all one's waking moments and even one's dreams to contemplating the glories of a socialist utopia only to find that one's next door neighbour already possesses everything one could have imagined in one's fondest dreams and more, without benefit of the socialist's magic wand and, what is worse, under the aegis of that hated system, free enterprise. To realize that while the whole world is perilously balanced on the verge of bankruptcy this hated exemplar of free enterprise is able to provide the billions required to arrest the plunge into chaos; to have to accept favours from one's ideological enemy is gall and wormwood indeed.

The second reason is less tangible and probably springs from a vague ideological sympathy with the communist world. This sympathy probably springs from the common ancestry of socialism and communism. It should never be forgotten that Karl Marx was one of the earliest exponents of the socialist dogma in the western world. It is true that the Fabians, to whom our C.C.F. brethren probably profess a spiritual affinity, rejected the cold logic of Marxian conclusions and preferred a watered down version, more palatable if less logical. Nevertheless there probably remains a certain fellow feeling for the Russian branch of the family, as misguided and rather crude fellows, to be sure, but still repositories of the original, if now perverted, socialist gospel.

It is therefore quite natural that the United States should be regarded as the reactionary enemy of all things revered by the socialists. On the other hand while there is a vociferous and, I believe, sincere condemnation of the totalitarian aspects of Russian communism, nevertheless, in so far as the communist party line reflects the ideal of socialism, which it

does in some respects, it meets with approval and adherence from all socialists. This provides a plausible explanation, at least, as to why the C.C.F. party supports the cause of communist China and condemns the position of the United States in respect of the dispute over the status of Formosa.

It seems to me, Mr. Speaker, that in attempting to assess the role which Canada should assume in world affairs the primary and overriding consideration is full recognition of the general, central and elementary fact that the world, for the moment and for the foreseeable future, is divided into two hostile and irreconcilable camps. On the one hand we have a monolithic aggregation of power represented by the U.S.S.R. and the satellite countries, and opposed to it a bloc of the free nations of the world headed by the United States.

For practical purposes it has to be recognized that the United States possesses the only effective concentration of power in the free world capable of opposing the Soviet juggernaut. Consequently it is imperative in the interests of self-preservation that all the free nations, including Canada, give unstinted support to their real protector against the rapacity of Soviet imperialism. This does not mean a slavish obedience to United States domination in respect of over-all policy. We should reserve for ourselves freedom of expression through diplomatic channels on such matters as may involve our interests.

Throughout all this, Mr. Speaker, it seems to me that we must never lose sight of the one paramount consideration that the only effective force precenting communist world domination today is the United States of America. We must proceed on the assumption that the United States will not precipitate an atomic war, and on the equally certain assumption that if there was not a risk of effective retaliation the Soviet union would not hesitate to start such a war tomorrow. Truly, Mr. Speaker, we walk on the verge of the abyss, but I see no reason or no wisdom in the advice of those who would have us scorn the handrail.

In the world's continuing crisis the Eisenhower administration continues to exercise an admirable restraint, a refusal to be carried away by predictions either of inevitable war or of an easy peace. The communist enigma leaves us no choice but to prepare for the worst, but it does not commit us to accept the worst. We must not cease to explore whatever roads may lead us away from war. In this objective we can rest assured that we shall have the sincere and unqualified support of President Eisenhower. We should not allow ourselves to be misled by the vaporings of certain irresponsible sections of United States public opinion. Such men are dangerous, and we may thank God that United States foreign policy is based on saner counsels.

In the welter of speculation on Soviet intentions that is going on in the world today one recognizes as valid Sir Winston Churchill's description, that they are "a mystery wrapped in an enigma". In this welter of speculation by columnists and editorial writers only one clear lesson emerges, that of the futility of speculation where the totalitarian mind is concerned.

The confusion of the experts in this connotation is strikingly apparent. The disgrace of Malenkov and the emergence of Khrushchev —or perhaps Marshal Zhukov or even Marshal Bulganin—as the major contender for Stalin's power merely emphasizes the danger of making absolute predictions of what effects may follow from communist causes. Other experts argue that Khrushchev is already too old to establish himself as Russia's absolute ruler. They point out that it was Khrushchev who nominated Bulganin for the premiership. It was Beria who. only two years ago, nominated Malenkov for the same post. These facts, it is claimed, point to a continuing struggle for power, and consequently the danger that Russia will take serious risks of war has decreased.

Similar expert disagreements exist over the question of red China's intentions in the Formosa straits. As we have reason to know from experience, a totalitarian world is one in which words are divorced from meaning, in which war can mean peace and peace war, and in which the objective has been abolished by decree. Whether or not Peking's bellicose words mean actual bellicose intentions, or whether in the face of United States force a *de facto* cease-fire will be permitted to prevail, is something no one in the west really knows.

In this atmosphere of confusion what may Canada do to promote a *modus vivendi* between these tremendous conflicting forces? It seems to me that we would do well to promote the mobilization of the British commonwealth of nations as a moral force for peace. Of course, the commonwealth is ill-equipped to enter the lists in a struggle where naked power is the criterion of effectiveness. Nevertheless if the commonwealth could be organized to speak with effective unanimity in world councils the moral effect would be incalculable. Maybe this is but an idle dream; but if any member of the commonwealth is fitted to play the leading role in such a rapprochement, surely it is Canada.

In view of the march and countermarch of conflicting ideas across the world stage, what possible conclusions or at least tentative guides to action exist? There are, of course, the obvious conclusions, the ones that have become clichés. The west must keep up its guard; it must remain strong and firm; it must turn its back on appeasement. With those statements it is impossible to disagree, for if we should forget them we are lost. But they are not enough. They take no cognizance of the possibilities for settlement by negotiation, slender though they be. They are not flexible enough to take advantage of opportunities for easing world tensions as such opportunities may occur.

If one might be permitted to paraphrase slightly an old watchword, the western nations should trust in God, negotiate and keep their powder dry or, perhaps I should say, keep their atomic nuclei fissionable.

Mr. Nicholson: I wonder whether my good neighbour would permit a question before he resumes his seat?

Mr. Trainor: Certainly.

Mr. Nicholson: Would he not agree that we must make up our minds very soon whether or not we are going to live in the same world with the communists? Would he not agree with his leader? Would he not agree that we should make a special effort to live in peace with them?

Mr. Ferguson: The Russians are trying to make up our minds for us. What is wrong with you. Don't be ridiculous.

Mr. Trainor: I would suggest to my hon. friend that the surest way of living in peace with the Russians is to make absolutely certain that we run no great risk if they attack us, by keeping strong.

Mr. A. M. Fraser (St. John's East): Mr. Speaker, in rising to take part in this debate I should first of all like to avail myself of this opportunity to congratulate the Secretary of State for External Affairs on the admirable exposition of policy which he presented to the house when he opened this debate. It was a most clear and comprehensive statement of the difficulties that face the free nations in the explosive area of the Far East.

I was particularly impressed by the skilful course which he charted through the shoals and shallows of the Formosa straits. If I may do so, Mr. Speaker, it is to the Formosan question that I should like to address my remarks tonight, and especially to the policy enunciated by the United States with reference to Formosa and the Pescadores. I do this because I think all hon. members will agree that that policy is fraught with all-important consequences not only for the United States but for this country, and indeed for all the free countries of the world. As the Secretary of State for External Affairs has so clearly put it, United States policy on Formosa is of vital concern to Canada.

I think, Mr. Speaker, that in order to set forth this policy we should go back to the statement made by President Eisenhower in his message to congress of January 24 of this year. It was in that statement that this policy was clearly enunciated. We should note also, I think, that this policy regarding Formosa is based upon the defensive treaty of last December between the United States and the government of Chiang Kai-shek, a treaty which was ratified by the United States Senate on February 9 of this year.

As I see it, the immediate objective of that policy was to prevent Peking from attacking Formosa, and to draw a line across which red China was warned she would advance at her peril. But we lose sight too easily, I think, of the other side of the picture, the second aspect of this policy. This policy of the United States not only warns Peking but it restrains Chiang Kai-shek from attacking the Chinese mainland. In my opinion, Mr. Speaker, this policy, by which the United States has put communist China on notice, is predicated upon the belief that the loss of Formosa to Peking would be a great disaster. If we consider the matter for a moment I think the soundness of this view is irresistible.

From the strategic point of view Formosa forms a vital link in that Pacific chain of defences which stretches from the Aleutians to the Philippines, and if Formosa were lost that chain would be snapped. Australia and New Zealand, sister countries in the commonwealth, would be in peril and indeed a break-out of the communist forces into the wide expanse of the Pacific would become a real possibility. Second, from the psychological point of view the fall of Formosa would be a very harsh blow to the confidence which the peoples of Asia are placing in the pledged word and the military strength of the United States. It would in particular, I think, undermine the confidence of the Chinese who are living in other parts of Asia, outside the mainland of China, and outside Formosa; in southeast Asia, for example. Such then, as I see them, are the main features of this United States policy.

I would next like to discuss the two main lines of criticism which have been directed against this policy. With the first of these lines I am disposed to agree. This first ground of criticism is that the line which has been drawn by the United States is too

blurred; it is not precise enough or definite enough, because it involves the offshore islands of Quemoy and Matsu as well as Formosa and the Pescadores, and because the United States has not definitely stated whether or not it will defend those two islands. Mr. Dulles, the secretary of state, has told us that they will not be defended as such, but they may be defended if the United States conceives that a red Chinese attack on them is a preliminary to an assault on Formosa and the Pescadores.

As I have said, Mr. Speaker, I am inclined to agree with this view. I believe it would have been better if the line could have been drawn more definitely, more precisely. At the same time, however, I think we must try to understand the motives that lay behind the United States decision with regard to Quemoy and Matsu. As I see them, there may have been perhaps three reasons. The strategic reason, I think, was probably the least important of them. The position of these islands does, of course, enable a blockade to be maintained on Amoy and Foochow, and particularly enables supplies of jet fuel, for instance, coming by sea to be intercepted. This fact is of considerable importance, in view of the long haul across Asia from Russia, which is the only practical alternative.

More important, however, than the strategic reason is, I think, the diplomatic, the fact that the United States wanted to retain the freedom of manœuvre, to use these two islands as a lever as it were with which to obtain the future acceptance of a cease-fire in Formosa. It may be claimed if such a pledge were made by Peking it might afterwards be repudiated, but in that case, of course, Peking would appear before the world condemned as a violator of the pledge. Then the moral case of the United States would be unassailable.

So much, then, for the first criticism to which United States policy has been subjected, a criticism with which, as I have said, I have a measure of agreement. The second ground of criticism is one which I cannot endorse. This is the ground which says that President Eisenhower's message to congress and the policy which is based on it mean a threat of war and are a provocation to communist China. I cannot agree with that, Mr. Speaker. In this connection, I should like to quote two or three extracts from the speech delivered by the President to congress on January 24, as reported in the New York *Times* of January 25:

> The most important objective of our nation's foreign policy is to safeguard the security of the United States by establishing and procuring a just and honourable peace. In the western Pacific a situation is developing in the Formosa straits that seriously imperils the peace and our security.

Not a word there about aggression, but rather defence of the United States and security. He went on:

> In the interest of peace, therefore, the United States must remove any doubt regarding our readiness to fight if necessary to preserve the vital stake of the free world in a free Formosa, and to engage in whatever operations may be required to carry out that purpose.

Later in the same speech he added:

> Again I say that we would welcome action by the United Nations which might in fact bring an end to the active hostilities in the area. This critical situation has been created by the choice of the Chinese communists, not by us. Their offensive military intent has been flaunted to the whole world by words and by deeds. Just as they created the situation, so they can end it, if they so choose.

The policy expressed in those words was overwhelmingly endorsed by the congress, in the House of Representatives by a vote of 409 to 3 and in the Senate by a vote of 85 to 3. I think it is clear, Mr. Speaker, from these quotations from the message on which the United States policy was based that that policy is not intended to threaten war but to safeguard peace, that its object is not to defend Chiang Kai-shek but to defend the peace of the world.

Here, Mr. Speaker, I should like to say that any attempt to identify this policy with the defence of the Chiang Kai-shek regime appears to me an extremely superficial estimate of the situation in the Far East. It has been argued in this house that the Chiang Kai-shek regime is rotten, and that by allying itself with that regime the United States is allying itself with a government that does not deserve to exist but should be banished into exile, and that therefore the United States is pursuing a wrong policy. But as has been expressed by other speakers in this debate, and more particularly this evening by the Leader of the Opposition (Mr. Drew), no matter what government were on Formosa the United States seventh fleet would still be defending that island today; because it is the island, not the government, that is of the essence of the question.

So far as that goes, though I hold no brief for Chiang Kai-shek nor for his entourage; though I admit they are no plaster saints, yet they do not in my mind compare unfavourably with the Chinese in Peking. I would not like to live under either of these governments, but if I had to choose I think I would choose the regime of Chiang Kai-shek.

In what I have said I hope I have succeeded in showing that the intentions of the United States have not been aggressive. I believe

the peaceful intentions of the United States have been convincingly demonstrated in recent months by several factors. First, let me recall to the house that the United States approved New Zealand's resolution in the United Nations security council, inviting Peking to discuss a cease-fire. The United States could have vetoed that invitation, but it did not do so. That invitation was allowed to go forward by Russia, as well. Yet on January 31 it was bluntly rejected by Peking.

Again, not only did the United States persuade Chiang Kai-shek to evacuate the Tachens and thereby relieve an explosive situation, but it actually provided its seventh fleet to help carry out that evacuation. Moreover, though subjected as we understand it to very strong pressure by the Chiang Kai-shek government, Mr. Dulles has steadfastly refused to comply with the repeated requests of Chiang Kai-shek to give an unconditional guarantee to defend Quemoy and Matsu as such—and I stress the words "as such". I believe also there are grounds for believing that Peking could have Quemoy and Matsu in return for a cease-fire, but up to now it has rejected all overtures for a cease-fire. There may even be indications also that the United States is moving—slowly, perhaps, but moving—toward acceptance of a two-Chinas principle.

Bearing all these things in mind I think we must agree that the United States, far from provoking war and far from taking an aggressive attitude, has gone out of its way to try to obtain a peaceful settlement of the Formosa question. In contrast, let us look at the attitude of Peking. First of all there was its rejection in very summary terms of the United Nations invitation to the cease-fire discussions. That rejection came on February 3. Likewise there was its intransigent reaction to diplomatic overtures which, we understand, have been carried out by the United Kingdom, by Mr. Nehru of India, and possibly also by Russia for a cease-fire in the Formosa straits.

We know, too, that the Chinese in Peking have been claiming that Chiang Kai-shek's withdrawal from the Tachens was a victory for them. And we are all too familiar with the repeated boasts emanating from Peking that the communist regime will take Formosa by the end of this year. Bellicose actions unfortunately are in keeping with the aggressive policy which Peking has been pursuing almost uninterruptedly since its intervention in the Korean conflict. Indeed, the Korean truce has been represented by Peking propaganda as a victory for communist arms. Likewise Peking has hailed the Geneva settlement of the Indo-Chinese war as a victory for herself.

It does seem, Mr. Speaker, that these successes, or pseudo-successes, have intoxicated the Chinese communists with perhaps an exalted idea of their armed might. This mood in which they find themselves is very dangerous, because when men are intoxicated it is very difficult to reason with them. That, I think, is one of the reasons the situation in the Formosa straits is so terribly dangerous. The peace-loving governments must redouble their efforts to avert an explosion, to persuade Peking to adopt a more reasonable, more receptive attitude.

I am all in favour of unremitting negotiation, no matter how unlikely success may seem. Negotiation must be continued because the alternative is too horrible to contemplate; but negotiation must be accompanied by preparedness. We must not relax our vigilance; we must not drop our guard. A clear line must be taken, must be drawn and must be maintained. But if war does come—please God it may not—over the Formosa question, then as I see it the war guilt will not be with Washington but with Peking.

Now, as I have said, every possible effort must be made to prevent such a war arising. The immediate task is to negotiate a cease-fire. This would provide a breathing space, and we understand that efforts are being made to that end now. But a breathing space, though it is well so far as it goes, does not go far enough. A long-range solution must be found. Perhaps a beginning could be made by the cession of Quemoy and Matsu in return for a pledge from Peking to keep hands off Formosa; but a long-range solution must be of larger scope and in all modesty—for I know, of course, that the best brains in the armed services of all the countries of the world are engaged in this problem at present—may I make a tentative suggestion that might perhaps be worth considering.

I think, first of all, that long-range solution must be based upon some form of neutralization of Formosa, perhaps under United Nations guarantee. At the present time, of course, Formosa is in effect neutralized but by the United States. A United Nations guarantee might be more pacific, less dangerous; but I cannot agree with those who would suggest that Chiang Kai-shek be exiled along with his 600,000 soldiers. It is a difficult thing to exile 600,000 men. I confess I do not know where they might go. I think the nationalists should be permitted to retain Formosa, at least for the time being, if under a United Nations guarantee. Eventually there might be the possibility of a plebiscite among Formosans themselves, not yet I think because I doubt very much whether they have reached

the stage when they are capable of self-government, and to hand over a strategic island to the administration of inexperienced hands at such a dangerous juncture would be most imprudent. But eventually training might precede a plebiscite.

You will notice I have not mentioned a trusteeship, because a trusteeship would suggest grave practical difficulties. It is all very well to speak of United Nations trusteeship. Who is to be the trustee? Who is to administer the trusteeship? I confess I find it hard to see that there could be agreement on a trustee at the present time, and collective trusteeship would very probably lead to friction and disagreement among the trustees themselves. The old question would arise, *quis custodiet ipsos custodes?* Eventually, too, there might be the possibility of enabling communist China to give sufficient proof of her good intentions, of a change of heart and then the question of her admission to the United Nations might be reconsidered.

Together with these purely political suggestions, Mr. Speaker, there must of course, I fully agree, be the provision of economic and technical assistance along the lines of the Point Four program and the Colombo plan; and even more important, as the Secretary of State for External Affairs pointed out in his speech, there must be a wholehearted and sympathetic effort to encourage the peoples of southeast Asia and Formosa to develop democratic governments of their own under which they can live in peace and freedom. Only by these methods, military, political, economic and social, shall we be able to build up a true resistance to the onset of communism in the Far East. That must be done; otherwise, Mr. Speaker, the world balance of power might be upset, to the grave disadvantage of the freedom-loving nations.

If Formosa and southeast Asia were to fall under communism, either by invasion or by infiltration, then indeed the frontiers of freedom would be perilously narrowed.

On motion of Mr. Nesbitt the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: I am quite sure that hon. members would like to complete this debate before the Easter recess, as well as the other matters I announced the other night. Therefore, if there is any possibility that the debate on the resolution with respect to unemployment insurance may be completed on Monday, we shall go on with this debate on Monday.

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

HOUSE OF COMMONS

Monday, April 4, 1955

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

RAILWAYS, CANALS AND TELEGRAPH LINES

Fourth and fifth reports of standing committee on railways, canals and telegraph lines.—Mr. Cavers.

Mr. Speaker: As it is not intended to move concurrence in the report this day, is it agreed that the deputy clerk dispense with the reading of the report?

Some hon. Members: Agreed.

RAILWAYS AND SHIPPING

Third and final report of sessional committee on railways and shipping owned, operated and controlled by the government.—Mr. Cavers.

Mr. Speaker: The same observations apply in this case. Shall the deputy clerk dispense with the reading of the report?

Some hon. Members: Agreed.

STANDING ORDERS—CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. R. F. L. Hanna (for Mr. Harrison) moved that the first report of the standing committee on standing orders, presented to the house on Friday, April 1, be concurred in.

Motion agreed to.

THE BUDGET

TABLING OF WHITE PAPER

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, I desire to table copies in English and French of the white paper in connection with the budget for 1955-56. This procedure of tabling the white paper on the day before the budget was adopted three years ago and has, I believe, proved useful to hon. members.

If it meets with the approval of the house, I would move that it be printed in today's *Votes and Proceedings* so that hon. members will have an opportunity to study it before I deliver the budget speech tomorrow night.

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I would also ask the consent of the house to have it printed in tomorrow's *Hansard*, together with the budget speech.

Mr. Speaker: By leave, is this motion agreed to?

Motion agreed to.

QUESTIONS

TEXTILES—NEW METHODS OF TREATMENT

Mr. Kirk (Antigonish-Guysborough):

1. Has the federal government, through the Department of Trade and Commerce or any of its departments, crown companies or agencies, studied the possibilities of assisting the textile industry by using radioactive substances?
2. If so, with what results to date?
3. Have any of the above departments, crown companies or government agencies experimented with textiles by treating same with silicons to tighten the weave and make cotton and wool durable?

Mr. Dickey:

1 and 2. While familiar with what has been done abroad, the national research council has not made any detailed study of the possibilities of assisting the textile industry by the use in Canada of radioactive substances.

3. Fairly widespread use is being made in Canadian textile mills of silicone finishes, especially on fabrics made from synthetics. The necessary research and development work on this problem has been done by the firms who manufacture silicone materials, and the details of their application and of the properties which they impart are matters of common knowledge to informed textile technicians.

TRANSPORT DEPARTMENT AIRCRAFT STORAGE

Mr. Dinsdale:

1. Do Department of Transport aircraft pay the regular storage fees for aircraft stored at government civil airports?
2. If not, how is the cost of this storage defrayed?

Mr. Langlois (Gaspe):

1. No. It is considered that if the department were to charge itself for services rendered to itself, this would involve unnecessary and useless bookkeeping.

2. Such charges, if made, would be included in the revenues of the department and also in the expenses of aircraft operation and maintenance under the main vote "Airways and airports, operation and maintenance".

Questions

NATO—MILITARY TRAINING IN CANADA

Mr. Knowles:

1. Since the establishment of NATO, how many persons from countries other than Canada have received or are now receiving training in Canada under the provisions of any NATO agreements or arrangements?

2. From what countries have such persons come, how many in each case, and how many in each year, since the establishment of NATO?

3. What is the total amount spent to date for the training of such persons, including transportation, maintenance or any other costs met by Canada?

Mr. Blanchette:

1. 5,510 as at 28th February 1955.

2. The following nations are participating under NATO agreements: United Kingdom, France, Belgium, Denmark, Holland, Italy, Norway, Turkey and Portugal. Figures of trainees by country by year cannot be given without the permission of each nation.

3. $271,695,990.15 to 28th February 1955, including the provision of necessary capital facilities.

DRAGGER TYPE VESSELS, MARITIME PROVINCES

Mr. Robichaud:

1. What was the total amount paid in each of the Atlantic provinces for the years 1946 to 1954 inclusive, under assistance in construction of vessels of the dragger or long-liner type?

2. What was the total amount paid under this regulation to fishermen of Gloucester county, New Brunswick, for the period mentioned in question No. 1?

3. What was the total number of vessels entitled to assistance during this same period and how many of these vessels were affected under section 55, subsection (3) of the Fisheries Act restricting their fishing operations to outside the 12-mile limit?

Mr. MacNaught:

1 and 2. See below.

3. (a) 125; (b) one.

STATEMENT OF AMOUNTS PAID IN ATLANTIC PROVINCES FOR ASSISTANCE IN CONSTRUCTION OF VESSELS OF THE DRAGGER OR LONG-LINER TYPE FOR THE YEARS 1946 TO 1954 INCLUSIVE

Fiscal Year	New Brunswick	(Gloucester County, N.B.)	Nova Scotia	Prince Edward Island	Quebec	Newfoundland	Total
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
1947-48	40,504 20	(35,092 20)	.....	.....	.....	.....	40,504 20
1948-49	49,392 80	(49,392 80)	.....	.....	.....	.....	49,392 80
1949-50	44,175 45	(37,854 30)	.....	.....	.....	.....	44,175 45
1950-51	19,354 50	(6,451 50)	13,263 00	.....	.....	.....	32,617 50
1951-52	14,236 20	(14,236 20)	60,552 90	29,756 10	.....	.....	104,545 20
1952-53	25,256 55	(17,089 05)	101,264 10	14,246 10	6,486 15	.....	147,252 90
1953-54	34,458 60	(28,008 75)	65,500 05	32,683 20	8,626 20	6,827 70	148,095 75
1954-55	57,268 20	(50,131 95)	40,045 50	16,514 85	25,170 75	82,049 55	221,048 85
Total	284,646 50	(238,256 75)	280,625 55	93,200 25	40,283 10	88,877 25	787,632 65

NOTE.—The regulations became effective only on April 1, 1947.

DEBERT CAMP, N.S.—CIVILIAN EMPLOYEES

Mr. Purdy:

1. Does the Department of National Defence employ at Debert: (a) civilian labourers; (b) civilian guards; (c) the services of the corps of commissionaires, for guard duty?

2. If so, what are the hours of duty and the hourly rate of wages in each case?

[Mr. Langlois (Gaspe).]

Mr. Blanchette:

1. (a) (b) and (c) Yes.

2. (a) Civilian labourers: the standard work week is 44 hours and the prevailing hourly wage rate is 80 cents.

(b) civilian guards (watchmen): the standard work week is 48 hours and the salary wage

range $2,220 to $2,580 per annum; classified civilian personnel are not paid at hourly rates.

(c) Commissionaire: The hours of duty are set by the Canadian corps of commissionaires and the hourly wage rate is 70 cents.

ANNUITIES BRANCH—ADVERTISING

Mr. Hees:

How much was paid out by the annuities branch of the Department of Labour for advertising government annuities, on radio, newspapers, periodicals and any other medium for each of the years 1949 to 1953 inclusive?

Mr. Gregg:

Fiscal Years	
1949-50	$ 60,191.95
1950-51	53,333.88
1951-52	96,004.41
1952-53	111,725.42
1953-54	97,731.76

T.C.A. FLIGHTS, MOOSE JAW

Mr. Thatcher:

1. Have representations been recently received by Trans-Canada Air Lines, asking for a daily flight into the city of Moose Jaw?
2. If so, has Trans-Canada Air Lines considered these representations?
3. Has the company decided to make such a daily flight?
4. If not, for what reason?

Mr. Langlois (Gaspe):

1. Yes.

2. Yes.

3. No.

4. The matter is to be again reviewed following completion of delivery of Viscount aircraft now on order which may make available the DC-3 time necessary for such a stop.

FEED SCREENINGS

Mr. Howe (Wellington-Huron):

1. How many carloads of feed screenings were shipped into the province of Ontario during the year 1954?
2. What was the grade of each carload shipped?

Mr. Dickey:

1. 400.

2. Carloads of feed screenings shipped into Ontario

(a) to Fort William/Port Arthur graded as follows: 61 carloads; 1 carload; 205 carloads; 1 Feed screenings; 2 Feed screenings; Uncleaned screenings.

(b) to Ontario points other than Fort William/Port Arthur graded as follows: 126 carloads; 7 carloads; 1 Feed screenings; Uncleaned screenings.

Questions

TRANSPORT DEPARTMENT AIRCRAFT

Mr. Dinsdale:

1. What aircraft are operated by the Department of Transport?
2. What services do these aircraft perform?
3. Are they used to transport government officials, and, if so, how many times has this occurred during the past?
4. Are they used to transport members of the government, and, if so, how many times has this occurred during the past fiscal year?

Mr. Langlois (Gaspe):

1. Twenty-four aircraft are operated by the Department of Transport and consist of:—Douglas DC-3 (2); Lockheed 10-A (2); Beechcraft C18-S (1); de Havilland DH-114 (1); Bell helicopter 47D-1 (3); Lockheed 18-08A (2); Lockheed 12-A (2); Beechcraft D18-S (6); de Havilland DHC-2 (5).

2. Calibration of aids to navigation; inspection and development of airways, air routes and airports; investigation of accidents in remote areas; training to maintain or improve the skill and technical knowledge of departmental personnel; transportation. Helicopters are used for ship to shore transportation, ice patrol and reconnaissance from government ships in northern waters, and to familiarize technical officers of the department with the operation and maintenance of this type of aircraft.

3. These aircraft are used continually for departmental and government work. It is not practicable to state how many times in the past they have been used to transport government officials because since the department was organized in 1936 there have been thousands of flights. Precise information as to the number would necessitate the examination at district headquarters in various parts of Canada of the log books of departmental aircraft, and it is believed that some earlier log books are no longer available.

4. Yes—126.

STEVENSON AIRPORT, WINNIPEG

Mr. Churchill:

1. Is the Stevenson airport area to be enlarged?
2. If so, by how much and in what direction?
3. What is the area of the airport?
4. Are the present runways of this airport to be extended?
5. What distance are the ends of the present runways from the boundary of this airport?
6. What is the clearance from the side of the present runways to the boundary of this airport?
7. Are new runways to be built at Stevenson airport? If so, where and of what length?

Mr. Langlois (Gaspe):

1. Yes.

2. 1,720 acres to the north and west now being acquired.

3. 2,100 acres excluding the extensions mentioned above.

4. Yes.

5. The distances of the ends of the present runways from the present boundaries of the airport are:—Runway end 13, 2,100′; Runway end 31, 2,100′; Runway end 18, 1,150′; Runway 36, 3,300′; Runway 07, 950′ (under construction); Runway 25, 850′ (under construction.)

6. The minimum distance from the centre line of any runway to the nearest airport boundary is 800′, and the maximum distance is, in certain places, about 6,000′.

7. Yes. One new runway will eventually parallel the existing runway 18-36, and be located 5,000′ to the west thereof, and another will parallel the present runway 13-31 and be 5,000′ to the northeast thereof. Construction of these runways to an over-all length of 10,000′ may eventually be needed.

ATOMIC RADIATION—RESEARCH

Mr. Enfield:

1. Is any research being carried out by the Department of National Health and Welfare regarding the harmful effect of atomic radiation on humans?

2. Is any research being done in respect to radiation effects in Canada resulting from atom bomb tests that have taken place in the United States of America?

3. Do researchers know anything about the genetic effect on humans of such radiation?

Mr. Martin:

1. Yes. Radioactivity, of course, is not a new phenomenon. Since life first appeared on this planet, living beings have been exposed to cosmic and natural radiation. Thus it is not an essentially new influence which is being considered, but an increase in the intensity of an influence which has never been entirely absent.

It was not until the discovery of radium and X-rays over half a century ago that the possibility emerged that some human beings would be exposed to greater amounts of radiation than naturally occur in the everyday environment. Since that time, scientists have shown a continuing concern for the possible harmful effects of uncontrolled radiation. A system of protection has slowly developed, as is manifest by the precautions observed in the use of X-ray and radioactive materials and in the regulations governing the use of isotopes in this country since the war.

Problems associated with radiation have engaged the attention of officers of the Department of National Health and Welfare and of a number of other government agencies for more than ten years.

[Mr. Langlois (Gaspe).]

Experience gained during this period enabled Canada to pioneer in developing a promising advance in the treatment of cancer—the cobalt 60 beam therapy unit—which has since brought new hope to thousands of cancer victims and has received world-wide recognition. Many industrial uses of radioisotopes have also been developed in Canada, ranging all the way from testing the welds on enormous metal castings to controlling the thickness of paper as it comes through the paper-making machines. These isotopes have also been made available to other countries.

As a result, Canadian scientists have gained firsthand experience in the study of radiation effects and the development of adequate safeguards against them. On March 14 of this year, a reply was tabled which outlined some of the activities carried out by the department for the safe handling of radioactive materials.

The interest of the department in radiation, however, predates these more recent developments by several years. For example, since 1951 the department has accepted responsibility for the supervision of the use of radioactive isotopes in university and hospital laboratories and in industrial operations.

In carrying out this responsibility, a film monitoring service is maintained for the protection of persons working with radioactive isotopes. Advice is also provided during the planning stages of radioisotope laboratories in order that arrangements can be worked out for the safe handling of radioactive materials and for the disposal of radioactive waste in such a manner that there will be no danger of contamination. In addition, it is planned to provide training courses emphasizing the safe use of radiation.

Anticipating an increasing use in this country of radioactive materials for industrial and medical purposes, arrangements were made some time ago to send a senior physicist of the department to the United Kingdom for special training.

There is at all times continuing consultation between the Department of National Health and Welfare and other government agencies such as the national research council, the defence research board, and Atomic Energy of Canada Limited, having an interest in this field.

As a result of all this joint effort, there is every reason to believe that the measures taken in this country for the protection of those persons who are likely to be exposed to radioactive materials are fully as effective as those carried out anywhere.

2. Yes. This research is carried out, not with particular reference to experiments being undertaken in any one country, but with reference to the effects of radiation, from whatever source it may come, occurring in the different regions of Canada.

3. Yes. The biological effects of increased radiation may be divided into two categories —the somatic effects, or those which lead to disease in the exposed individual; and the genetic effects, or those which cause changes, usually adverse, in his descendants. Any somatic effects which might arise would affect only the generation irradiated but genetic effects would show up in future generations.

As to somatic effects, it is the opinion of medical scientists that the most important results might be an increase in the incidence of certain malignant conditions, but these usually result from much higher radiation exposures than those which are now being considered.

With regard to the genetic effects, it has been established by experiments on certain rapidly-breeding lower forms of life, such as bacteria, plants, insects and small mammals, that genetic changes can be produced by exposure to radiation.

It is pointed out by geneticists that the characteristics transmitted from parents to offspring are determined by the structure of the genes. Certain genes produce certain characteristics, such as the colour of the eyes and so on. A particular gene may also be related to a physical or mental defect. It so happens that genes are capable of mutating or changing and that all such mutations, being permanent, are carried on in later generations.

In the exposure of experimental animals to radiation, there has been observed an increase in the rate at which these mutations occur. Usually no harmful effect shows up until, at some future time, mating takes place between two animals carrying the same mutated gene. Since a study of genetic changes in humans would inevitably take several generations, the belief that radiation might cause genetic damage in humans is based mainly on the evidence that it does so in other forms of life.

In determining genetic effects on man there are two principal difficulties. First, most mutations will remain hidden until one individual receives the same mutated gene from both parents. Secondly, naturally occurring genes for recessive defects and abnormalities are already numerous in the population. Neither these naturally occurring mutant genes nor those that might be induced by radiation are likely to produce an effect in the children of the individuals carrying them unless the parents have received the same defect from a common ancestor.

In general, there has been much misunderstanding between the possible hazards to human health arising from weapon trials and those that would result from nuclear warfare, with the result that some of the more sensational statements made on this subject have been confusing.

Since there remain a number of unanswered questions in this field, there is a need for continuing research and investigation into the genetic problem. Increasingly large numbers of people are being exposed to increasing amounts of radiation because of the wider use of radioactive materials in industry, research and medicine. In addition, there has been a slight, though appreciable increase in radiation all over the world as a result of the weapon tests.

However, the best scientific evidence available, indicates that it is most unlikely that any significant genetic effect would result from the increased radioactivity that has occurred.

Canadian scientific experience in this connection is confirmed by that of research scientists in other countries. For example, in a statement in the British House of Commons on March 22 last, the minister of health, the Right Hon. Iain Macleod stressed these points:

(1) Radiation does produce genetic effects and the radioactivity of the planet has increased slightly as the result of nuclear bomb explosions.

(2) Present knowledge is insufficient to fix precisely the level of radioactivity above which genetic damage would significantly affect the well-being of populations.

(3) Research in genetic changes is necessarily and inevitably slow in producing conclusive results.

(4) It is extremely unlikely that the increase in radioactivity which has appeared up to the present will have any appreciable genetic effect.

While the genetic problem is exceedingly complex, the important factors are known and Canada possesses at the present time the scientific potential to carry on continuing investigations in this field. The Department of National Health and Welfare is pursuing research efforts with a view to the further development of a long-range program for the collection and study of human data that will aid in the assessment of this problem.

The department is carrying out a systematic and continuing examination of all evidence available in order to ascertain all of

the facts in connection with increased radiation. As the program develops further, it will involve, among other things, the constant examination of a variety of materials to determine the level of potentially dangerous radioactivity.

In furthering this project, full advantage will continue to be taken of the experience of outstanding Canadian scientists who have a particular knowledge of this field and every effort will be made to co-ordinate this long-term study with Canada's over-all public health program.

The government is fully aware of the problems posed in the field of public health by atomic developments and will continue to take proper steps to assess progressively the possible hazard to human health of increased radiation background.

QUESTIONS PASSED AS ORDERS FOR RETURNS

VOTE NO. 369, 1954-55

Mr. Knowles:

1. Was vote No. 369 of the estimates of 1954-55 spent as detailed on pages 442 and 443 of the said estimates?
2. If not, how much was spent with respect to each such detail?
3. What alterations were made in the details of the said vote?
4. Was any of this vote spent on any matter not listed in the said details?
5. If so, on what was it spent, and how much?
6. On whose recommendation were alterations made in the details of this vote, on what dates were such alterations made, and by what authority?

Mr. Winters: Return tabled.

WOOD SCREWS PURCHASES

Mr. Diefenbaker:

1. What purchases, if any, of wood screws in excess of $1,000 for each purchase have been made by the government or any agency thereof, since January 31, 1954?
2. Were such purchases made after competitive bidding?
3. Did Canadian manufacturers bid on such purchases? If so, which companies tendered?
4. To whom were the contracts awarded?
5. Were the goods finally purchased of Canadian manufacture? If not, from whom were the same purchased?

MOTIONS FOR PAPERS

STANLEY LOPTSON

Mr. Diefenbaker:

For a copy of all letters and communications received by the Minister of Trade and Commerce since the 15th of March, 1955, relating to the appointment of Mr. Stanley Loptson to the board of grain commissioners.

[Mr. Martin.]

CANADIAN BROADCASTING CORPORATION ACCOUNTS

Mr. Fulton:

For a copy of all correspondence, memoranda, etc., exchanged between the office of the Auditor General and the Canadian Broadcasting Corporation and/or the Minister of National Revenue, since January 1, 1950, relating to the accounts of the said corporation.

He said: Mr. Speaker, the minister spoke to me about this motion. I would ask to have it stand for today.

Mr. Speaker: No. 5 stands.

DEPARTMENT OF NATIONAL DEFENCE ACCOUNTS

Mr. Fulton:

For a copy of all correspondence, memoranda, etc., exchanged between the office of the Auditor General and the Department of National Revenue or the minister or any official of the said department, since January 1, 1950, relating to the accounts of the said department.

He said: Mr. Speaker, I must apologize. I now see there is a typographical error. The wording in motion No. 6 was intended to read, "Department of National Defence". In view of this typographical error, and as it takes the department by surprise, perhaps it would be better if this motion were to stand.

Mr. Speaker: No. 6 stands.

PRAIRIE FARM REHABILITATION ACT

Mr. Zaplitny:

For a copy of all correspondence, telegrams and other documents exchanged between the government of Canada or any department or minister thereof, and the governments of Manitoba, Saskatchewan, Alberta and British Columbia, or any department or minister thereof, since January 1, 1953, with respect to the Prairie Farm Rehabilitation Act.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT—INQUIRY AS TO MEETING WITH PREMIER OF SASKATCHEWAN

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I direct a question to the Prime Minister? Is the Prime Minister arranging a meeting with the premier of Saskatchewan and some of his colleagues during their visit to Ottawa in connection with the federal-provincial meeting beginning April 26, to discuss the draft agreement regarding the proposed South Saskatchewan river dam, presented to the Saskatchewan government by the Minister of Agriculture last autumn and which was accepted, in principle, by the provincial government?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, to the question as drawn I might perhaps, because there are some parts of it that I could not answer in an affirmative way, make a short negative answer, but I do not think that would be satisfactory. As a matter of fact the premier of Saskatchewan wrote to me last month to see if arrangements could be made for some of my colleagues and myself to meet with some of his colleagues and himself at the time of the preliminary federal-provincial meetings to discuss the proposed construction of the South Saskatchewan dam. In answer to Premier Douglas I quoted my reply to a question asked in the House of Commons on January 13 of the hon. member for Prince Albert (Mr. Diefenbaker), concerning that subject as reported at page 134 of *Hansard*. That quotation was as follows:

> There has been no tenative agreement arrived at, Mr. Speaker, as the basis of a distribution of costs because there has not yet been any decision by the federal government that it could take the responsibility of recommending this project to parliament as one that would be in the national interests of Canada generally.

I advised Premier Douglas that that statement still represents the federal government's position as it stands, and that I did not think that, even if we were able to reach a tentative agreement as the basis of the distribution of costs of the project as a joint undertaking, that would enable us to make at the present time a decision one way or the other about the project, especially in view of the fact that we would be in the midst of discussions about the whole problem of federal-provincial fiscal arrangements. I added that if he wished to have me and a small committee meet him and some of his colleagues immediately after our preliminary federal-provincial meeting, I would of course arrange one and would do my best to fit it in at a time that would suit his convenience.

DOMINION-PROVINCIAL CONFERENCE

POSSIBILITY OF AGREEMENT AS TO RESPONSIBILITY FOR EMPLOYABLE UNEMPLOYED

On the orders of the day:

Mr. J. W. Noseworthy (York South): May I direct a question to the Prime Minister? Will the Prime Minister indicate to the house whether or not it is the intention of the government to attempt to reach an agreement with the provinces at the April meeting regarding the responsibility for employable unemployed?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I would not like to say anything about what will be done at this preliminary meeting. It is a meeting of the ten provincial premiers with, I assume, some of their advisers and representatives of the federal government. Now, that will not be a conference that will be directed by the Prime Minister of Canada. It will be a conference of the heads of the ten provincial governments and the federal government. We are all interested in what will best serve the interests of Canadians, and I assume that we shall do our best to reach such decisions then, or at a later time, as will be in the best interests of Canada generally.

INQUIRY AS TO AGENDA

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): In connection with the dominion-provincial conference which is to be held later this month, may I ask the Prime Minister whether any agenda has been drawn up, or is it being conceived simply as a conference to frame an agenda for a later conference?

Right Hon. L. S. St. Laurent (Prime Minister): It was conceived as a conference to frame an agenda for a later conference, but that is not exclusive. That was the tenor of the invitation to the provincial premiers, and the invitation was accepted without there being any indication as to whether or not any other matters would be raised.

Mr. Fleming: May I take it from the Prime Minister's answer that the government has no objection to discussing any question at this preliminary conference that may be raised there?

Mr. St. Laurent: Oh, the federal government would not take the position that it could refuse to discuss any question that any of the premiers wanted to discuss at that time. We are meeting as Canadian officials, and it would not be conducive to a satisfactory tenor of the discussions for the federal government to take any attitude that would be looked upon as unreasonable by any of those attending the conference.

Mr. Rowe: Can the Prime Minister inform the house whether there has been any communication between the premiers of the different provinces as to the agenda?

Mr. St. Laurent: That I could not say. There has been no communication with me about that, but I could not say whether as between each other there have been communications. I have not been so advised.

Mr. Rowe: No; I meant between the premiers of the different provinces and the Prime Minister of Canada.

Inquiries of the Ministry

Mr. St. Laurent: Well, to the best of my recollection of the terms of the answers received there has not been. I would not want to assert that there is no allusion to anything else in any one of those letters, because I would want to look at them again; but to the best of my recollection, as I received them, I have found no suggestion other than an acceptance to come to this preliminary meeting to arrange for the main conference.

Mr. Hees: May I ask the Prime Minister whether there have been any recommendations from provincial premiers that unemployment be discussed at this meeting?

Mr. St. Laurent: I could not make any firmer answer to the question than the one I have just made to the previous question that was just put to me.

TRADE

OIL—REPLY OF UNITED STATES GOVERNMENT CONCERNING RESTRICTIONS ON IMPORTATION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. Can he inform the house in regard to the reply of the government of the United States in response to the communication read to this house some time ago asking that they reconsider the restriction on oil moving from Canada to the United States?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, to the best of my knowledge we have not the permission of the United States to make that reply public, although we asked for it some ten days ago.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, perhaps I might add a word. As I understand it, one of the difficulties is that the United States government itself wishes to comment on and reply to the representations we have made. At the end of last week they asked for a delay until their reply to our representations had been drafted and submitted to us, when both documents could be tabled. I am not sure whether anything has happened this morning, but I shall be glad to look into it as soon as I get back to my office.

Mr. Drew: Without entering into a debate on the subject, may I point out that the house is adjourning for Easter the day after tomorrow, and since this subject is one which involves a principle of immense importance and may have a wider application than the movement of oil, I would hope it might be suggested that it would be appropriate to have this information before we adjourn on Wednesday.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE BENEFIT RATES, ADJUST CONTRIBUTIONS, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend and consolidate the Unemployment Insurance Act and, *inter alia*,

(a) to increase benefit rates, as well as to provide for certain changes in the duration of both regular and seasonal benefits;

(b) to adjust the contributions, and to change contributions from a daily basis to a weekly earnings basis, and benefits from a daily to a weekly basis;

(c) to provide a graduated scale of allowable earnings in place of present provisions related to casual earnings and non-compensable days and,

(d) to provide further for certain changes in connection with the administration of the act.

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

Mr. Gregg: Mr. Chairman, I should like to give the committee this afternoon a fairly full explanation of what it is desired to accomplish under this resolution.

In introducing this resolution I make no apology for the fact that it is the second one under this heading recommended to this house in a period of less than 12 weeks. This measure today is by no means an afterthought of the one I presented in January. Instead, these and the January amendments are all one of the same piece. The reasons why I did not bring these forward in January were, first, that we wanted still more time to study the larger changes represented by this resolution before presenting them to the house. We wanted parliament to have ample opportunity for a full and detailed consideration of the proposed larger changes, after they came to this house. We wanted the item related to the improved supplementary benefits to go into effect in January so as to make its impact upon this winter's serious unemployment, which it has. So, in the light of those considerations, the only way I could see was to divide the task into two parts when seeking the necessary legislative approval. If and when the bill, based upon this resolution, receives royal assent, then the January amendment will have been absorbed and will be administered as part of the new consolidated act. As study

on these matters was in progress I was curious to see what was in the minds of those who were here when the present act was passed through the various stages of this parliament.

I found it very interesting and, I think, useful reading. The first resolution, corresponding to the one we have here today was introduced by my predecessor, Hon. Norman McLarty on July 16, 1940.

I am going to quote from part of that resolution:

> That it is expedient to introduce a bill to enact a scheme of national unemployment insurance to be administered by a commission appointed by the governor in council, and to create an unemployment insurance fund from contributions from specified persons and from moneys provided by parliament for the payment of insurance benefits, to be administered by the commission . . .

That was the main part of the resolution. There are patches of Mr. McLarty's speech that I find of special interest:

> It has received in principle the approval of every section of this house. It has received the consent of every province in the dominion. It passed the parliament at Westminster within the last two weeks in less than nineteen minutes of debate.

Then further on:

> At the time the resolution was passed asking the parliament at Westminster to confer the necessary power to enact this legislation, we were at war. We are at war today; but I suggest that the particular occasion has not changed in so far as the desirability of this measure of social legislation is concerned.

I am sure it is very difficult for us today to put ourselves back into the dangerous atmosphere of that 16th day of July in 1940 when Mr. McLarty was talking about that first resolution. As the Leader of the Opposition (Mr. Drew) said Friday evening:

> There was nothing in the arithmetic of war in the summer of 1940 to show how victory was going to come to Britain.

It is inspiring therefore to read how under the dangers of that summer this government with the unanimous backing of parliament was clearing the ground by amending the British North America Act and introducing a resolution that made possible what Mr. McLarty called "this measure of social legislation". I have read the debates of that day and there are enlightening passages. One is greatly tempted of course to quote at length but I shall refrain from doing so and read just a few extracts at random. Mr. McLarty said:

> The total number of workers in 1941 who will be under this act is 2,100,000.

The figure today is of course around 4,000,000. Then he went on to say:

> It is almost trite to suggest that an unemployment insurance measure does not exercise its full benefit at a time when employment is at a low level. Necessarily the fund which must be created can best be created in a period of high employment. On July 1 this year employment in this country was higher than it has ever been at any time in our history.

Hon. R. B. Hanson, then leader of the opposition and representing in this house the great constituency of York-Sunbury, is reported on page 1562 of *Hansard* as having said:

> This scheme must be on a sound actuarial basis, and we must have concrete evidence that such is the fact. It will not do to adopt any scheme or plan which is simply a device for transmitting money raised by general taxation or borrowing.

And again:

> There is a class of workers in this country who may be called "safe" employees. Perhaps that is not very well put. There are those in "safe" employment in this country who, under any scheme, if they are brought under the act . . . will be taxed for the benefit of those who are engaged in what might be termed the "exposed" positions.

Mr. Hanson here outlined the whole idea behind the insurance plan. Then the hon. member for Vancouver-Kingsway (Mr. MacInnis) is reported at page 1658 of *Hansard*, still dealing with unemployment insurance, as saying:

> I have always supported it, not only on this occasion but every time it has been brought up in the house. As a matter of fact, as a member of organized labour of long standing I supported this principle long before it was accepted by many in this house. But to say that it is not a cure for all our social ills, and even to say it is not a cure for unemployment, is only stating a fact. There is something it does; as far as it goes it is a planned and orderly way of dealing with a social problem and to that extent I think it should have the approval of everyone who believes in dealing with these matters in an orderly, planned manner.

The hon. member for Macleod (Mr. Hansell), speaking for the Social Credit party, is reported on page 1662 of *Hansard* as follows:

> I do not believe that our group will be found in opposition to this legislation. Broadly speaking, under the present economic setup, it will help to some extent to relieve unemployment so far as financing the unemployed is concerned.

I need not go on to repeat what was said about monetary policy. Finally I should like to give this summary by Mr. McLarty:

> The surest foundation on which to base democratic government is a happy and contented people. Nothing militates more against happiness and contentment than fear.

Then referring to the passing of the act he said:

> This done, it will be recorded of the present generation that . . . we were not unconscious of our duty and our obligation to promote the welfare and happiness of our own people.

That ends my quotations. All of this was under 15 years ago. Ever since then I am glad to say that this contributory social measure has retained the full support that it had in 1940 of all parties represented in this house. It was a new plan and new and difficult ground had to be broken, but whenever it became quite clear that it could be improved to meet more effectively the conditions experienced by our Canadian workers this government has recommended that such improvements be made.

So the present act was passed in its original form by parliament on August 7, 1940. The original measure set an upper limit on salaried workers coming under the plan of $2,000 and provided these benefits:

> A weekly maximum for a single person of $12.24 and for a person with a dependent a weekly maximum of $14.40.

I should like to indicate the principal changes which have been made and the years in which they were made. I refer to them because they were important changes. The Hon. Humphrey Mitchell in 1943 brought in changes that eased the conditions for requalifying in a second benefit period; raised the insurable limits for salaried workers from $2,000 to $2,400 a year; and brought under insurance all workers paid by the hour, day, piece or mile, regardless of the amount of yearly earnings.

In 1946 Mr. Mitchell again brought in changes which broadened the interpretation of a dependent; increased the allowable subsidiary earnings for claimants from $1 to $1.50 a day; and extended the coverage to seamen—both deep sea and inland waters.

In 1948 Mr. Mitchell brought in changes which added a higher contribution class and increased maximum weekly benefits to $14.40, single rate, and $18.30, dependency rate; again widened the definition of a dependent and raised the ceiling for salaried workers from $2,400 to $3,120 a year.

In 1950 during the illness of Mr. Mitchell these changes were brought in by my colleague the Minister of National Health and Welfare (Mr. Martin). They were important changes because they incorporated a completely new provision to help take care of the difficulties arising from our Canadian climate. The changes in 1950 added still further contribution classes and again increased maximum weekly benefit rates to $16.20, single rate, and $21, dependency rate; provided for supplementary benefit payments in the winter months, January 1 to March 31; raised the ceiling from $3,120 to $4,800; and extended coverage to the logging industry in all parts of Canada.

In 1952 I brought in changes which increased the maximum weekly benefits to $17.10, single rate, and $24, dependency rate, and reduced the waiting period from eight days to five days.

In 1953 I brought in changes which provided for continuing benefit payments to persons who become incapacitated after starting to receive unemployment benefits.

In January, 1955, changes were introduced which increased the duration of supplementary benefit payments and brought up the rates to the level of regular benefits; and now we are proposing further changes in the plan.

Mr. Chairman, in all the changes and amendments I have mentioned above, several objectives have constantly been kept in view. One of them is that the insurance plan shall be maintained on a sound actuarial basis; that both the employment and insurance phases of the plan shall be adapted to meet Canada's special conditions; that the bulk of contributions be paid by the two parties directly benefited—workers and management —with the taxpayers at large making the minority contribution and bearing administration costs; that higher benefits be provided a worker with a family, compared with those to the worker with no dependents; that the benefits designed to alleviate the hardships of unemployment should not be of a nature that would lessen the incentive to work when jobs are available; and that an important accompaniment of the plan is to help workers find suitable jobs through the national employment service, and management find suitable workers.

I think, Mr. Chairman, that Canada can take a good deal of satisfaction out of the effective way in which this plan has been working out for the benefit of Canadian workers. Since Mr. McLarty's time about an average of 3,500,000 workers have come under it. It has also been to the advantage of the 250,000 employers who participate in the act and it has also been of great advantage, to my mind, to all the rest of us.

Benefits from this plan, payable to the unemployed workers entitled to them, regardless of their other resources, have helped to maintain purchasing power and greater stability in local labour markets especially during periods of temporary unemployment.

They have taken some of the burden of relieving the unemployment costs of the municipalities and public welfare agencies.

This has been done by a method that preserves the self-respect of the worker, because when he is out of a job he gets a weekly benefit that is not charity but something he has helped pay for himself.

During the immediate past fiscal year, for the first 11 months some $210 million was paid in insurance benefit, with $35 million in February last.

All told, from the inception of the scheme to the end of February of this year insured workers have received almost one billion dollars.

The plan has done something more, and, of primary importance. It has made available, through the national employment service, facilities for enabling workers to find jobs and for employers to find workers.

This is a service that is free, that is available to insured and non-insured workers alike, and that is given without any discrimination because of race, colour, national origin, politics or religion.

From July 1941 to the present date the employment service helped to place nearly 14 million Canadian workers.

However, over the years the act in its present form has become somewhat complicated. Simplification has been needed that workers and employers might more readily understand its terms and that the administration by the commission might be facilitated.

Experience has shown that the amount of protection at present given to certain groups of workers is not enough.

This is particularly true of young workers who have not been in insured employment very long and of workers who are not able to secure steady employment.

Also, some benefit rates are no longer in line with earnings and they need to be raised.

The new seasonal benefits initiated in January last should be made to apply to future winter seasons.

There did appear to be the need of providing for a better income maintenance plan.

It is also desirable that the amount of work it puts upon employers should be kept to the minimum necessary, and that efficient and economical administration should be possible.

These objectives have been kept in view in the proposed revision of the legislation.

The most important changes concern the contributions and benefits.

The contribution rates and the basis on which they are paid have both been revised. At present, workers made their contributions to the fund on a daily rate basis.

In the lower wage brackets these rates are a considerably larger percentage of the worker's earnings than in the higher brackets.

At this stage, Mr. Chairman, I would like to ask permission to insert some tables in *Hansard,* if I have unanimous consent to do so, because it will be seen more clearly by hon. members if it is tabled.

The Chairman: Has the hon. minister leave to have the tables incorporated in *Hansard*?

Some hon. Members: Agreed.

Mr. Gregg: The tables follow:

COMPARATIVE TABLES

TABLE I—Present Benefit Rates

(x)

Employee Weekly Contribution	Weekly Earnings Range	Weekly Benefit		Average Earnings in Range	Benefit % of Average Earnings	
		Single	Dependency		Single	Dependency
18 cents	Less than $9.00	$ 4.20	$ 4.80	$ 5.60	75.0	85.7
24 "	$ 9.00 to 14.99	6.00	7.50	12.80	46.9	58.6
30 "	15.00 to 20.99	8.70	12.00	17.85	48.7	67.2
36 "	21.00 to 26.99	10.80	15.00	23.70	45.6	63.3
42 "	27.00 to 33.99	12.90	18.00	30.20	42.7	59.6
48 "	34.00 to 47.99	15.00	21.00	40.95	36.6	51.2
54 "	48.00 or over	17.10	24.00	57.50	29.7	41.7

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TABLE II—Proposed Benefit Rates

(z)

Employee Weekly Contribution	Weekly Earnings Range	Weekly Benefit		Average Earnings in Range	Benefit % of Average Earnings	
		Single	Dependency		Single	Dependency
16 cents	Less than $15.00	$ 6.00	$ 8.00	$11.80	50.8	67.8
24 "	$15.00 to 20.99	9.00	12.00	17.85	50.4	67.2
30 "	21.00 to 26.99	11.00	15.00	23.70	46.4	63.3
36 "	27.00 to 32.99	13.00	18.00	29.65	43.8	60.7
42 "	33.00 to 38.99	15.00	21.00	35.60	42.1	59.0
48 "	39.00 to 44.99	17.00	24.00	41.60	40.9	57.7
52 "	45.00 to 50.99	19.00	26.00	47.55	40.0	54.7
56 "	51.00 to 56.99	21.00	28.00	53.50	39.3	52.3
60 "	57.00 and over	23.00	30.00	59.70	38.5	50.3

Old Supplementary Benefit Rates (See "Weekly Benefit"—Table I)

(x) Prior to January 10, 1955, Old Supplementary Benefit rates were an average of about 70% of those shown in Columns under "x".

New Seasonal Benefit Rates (See "Weekly Benefit"—Tables I and II)

From January 10, 1955, till proposed Bill becomes law, New "Supplementary" Benefit rates are 100% of those shown in "x".
After the proposed Bill becomes law, New "Seasonal" Benefit rates will be 100% of those shown in "z".

It is proposed that future contributions be made on the basis of weekly rates of about 1 per cent of earnings, with a like amount contributed by employers.

There will be nine earnings classes and the scale of contributions will run from 16 to 60 cents a week. This just slightly exceeds 1 per cent of average earnings in every contribution class. It thus makes the contributions more equitable in that the rate of contribution as a percentage of earnings shows much less variation than the present scale. This will be seen more clearly by referring to the table I have just now tabled.

Generally speaking, the contribution payable by a worker will be lower than that now required for the corresponding earnings class. At the same time the regrouping of the contribution classes will provide additional classes in the higher earnings ranges, so that additional and higher rates of benefit will be available to workers in those earnings classes.

At present, the maximum contributory bracket is reached when a person earns $48 or more a week. The new scale provides for three further classes, which carry on up to earnings of $57 or more a week, as indicated in the tables.

The change from a daily to a weekly rate of contribution will help also to simplify the administration of the act. It will reduce the work involved for employers where contributions are made through the use of stamps, since six daily stamps will be replaced by one weekly stamp. The contributions will be based on earnings without reference to any specific number of days. The stamp placed in the book will represent the actual earnings in a week whether the period being worked be one or more days. If there is more than one employer in a week, two or more stamps will be placed in the weekly space up to the maximum contribution required of 60 cents from the worker and 60 cents from his employer. All the stamps acquired in a week will be counted as one week's contribution and the worker will be given credit for the total contributions made so far as benefit rate is concerned.

The benefit rate will be determined by the average rate of contributions in the last 30 contributory weeks. Where the earnings in a week are in a very low range provision is made for crediting only half of a stamp, to avoid penalizing a claimant by lowering his average weekly contribution rate unduly. The present insurance book and contribution records will be retained with suitable modifications to fit in with the revised proposals previously outlined.

As to the benefit features, there are several material changes. I give, first, the reasons for them. Experience has made it clear that the present act does not give sufficient protection to workers who are just entering insurable employment and those who by force of circumstance are not able to find steady

work. At the same time it provides longer protection than is required for the vast majority of workers. We have found that although about one-third of all those establishing benefit rights are entitled to 180 days or more under the present act, only about one-twentieth actually draw benefits for a period longer than 180 days. Many of these one-twentieth are married women and elderly people for whom alternative social security programs would seem to be more appropriate.

We feel that it is particularly important to provide better protection for young people just entering insurable employment and for those workers who can do little more than meet the minimum contribution requirements because of the effect, for instance, of seniority clauses in collective agreements. These clauses mean that when lay-offs do occur, substantially the same group of workers lose their jobs each time, thus interrupting the build-up in their contributions and reducing their benefit entitlement. In other words, the very workers who have needed protection the most have often found their opportunity to earn it is severely limited through no fault of their own.

For these reasons, we are proposing that the benefit formula be changed so that a greater amount of protection is made available to workers who have not been able to find steady work. The present formula provides a minimum of 6 weeks' benefit and a maximum of 51 weeks' benefit, depending on the length of time for which an insured person has contributed. To qualify for the minimum of 6 weeks a worker must have made, in the two years preceding his claim, 180 daily contributions, or the equivalent of 30 weeks' contributions.

The new benefit formula will provide a minimum of 15 weeks of benefit, instead of 6, for all workers who have made 30 weekly contributions in the two years preceding a claim for benefits. It will be possible for workers to earn additional weeks of benefit by additional contributions on the basis of one week's benefit for two weeks' contributions that have been made within the two years prior to the claim.

The maximum regular benefit will be 30 weeks. For the increased number of workers who will now qualify also for seasonal benefits the maximum total of regular plus seasonal benefits will be 45 weeks. I will outline the seasonal benefits later. I might indicate here, Mr. Chairman, that the reason the name "seasonal" is proposed instead of "supplementary" is because it was felt it was a better name for the benefits referred to.

Approximately 95 per cent of all claimants now draw less than 30 weeks' benefit. The new benefit formula will therefore take care of the great majority of persons who ordinarily work in insurable employment. At the same time it will provide much greater protection to those who do not have long and steady employment by lowering the maximum entitlement available, which has been made use of by only a small number of workers, and by increasing substantially the minimum amount of benefit available. The total effect of this change is to redistribute the amount of protection so that a greater proportion of it can actually be taken advantage of by insured workers who become unemployed.

The actuaries have estimated that, if these provisions had been in effect a year ago, the net result of lowering the maximum and increasing the minimum entitlement as now proposed would have been an increase in the number of benefit days available to claimants of approximately 4½ million, or an increase of about 6 per cent. The changes as a whole will mean that fewer claimants will exhaust their benefit before finding work. In the past the majority of workers using up all their benefit rights were those whose entitlement was less than 15 weeks. The new act will in practice give greater protection to a greater number of workers and will tend to concentrate that benefit where it is most needed.

At this point I should like to say, however, that we were concerned as to the existing equity of those workers who are under the present plan in making the proposal that the duration of the maximum regular benefit be cut from 51 to 30 weeks. To take care of that matter we are here proposing the following. In view of the reduction of the maximum duration of regular benefit from 51 to 30 weeks, it is felt desirable to provide for a transitional period during which those who have accumulated credits under the present act might be eligible for more than the maximum of 30 weeks of regular benefits under the present proposal. Although the new act will provide better protection for the great majority of workers, we have felt it is important to ensure that no one loses any equity which a presently insured worker may have built up over the years under the present act prior to these amendments. This objective will be accomplished by providing for a transitional period of three years from the time the new act comes into force.

During these three years, all workers who exhaust the benefits available to them in their first benefit year under the new act

will have their contribution record re-examined to determine whether or not they might have received more benefits under the old act. In the great majority of cases they will already have exceeded the amount of benefit protection they would have received under the old act. However, if it is found that they would have received more protection under the old act they will then be given the additional benefit coming to them on the old basis. In this way no worker will lose any equity which he may have built up over the years, while the great majority will receive a much greater protection under the new arrangement.

The adoption of a weekly contribution basis rather than a daily one will make it easier for workers to build up contribution rights, particularly if they are forced to accept short-time employment. For example, if a person ordinarily working on a five-day week goes on short time of four days a week, under the daily stamp system he would receive four daily stamps for his week's work rather than one weekly stamp. That meant that, if the short-time condition lasted for three months, under the old daily plan he would be credited with 52 days or 8½ weeks. Under the new weekly plan he will be credited with 13 weeks.

In order to requalify after a benefit period has terminated, a claimant will have to acquire additional credits by building up eight weeks of contributions in insurable employment since the commencement of his previous claim, and have at least 30 contribution weeks in the previous two years. Contribution weeks more than a year old at the time of a subsequent claim, if they have already been used on a previous claim, cannot be used a second time to qualify either for rate or duration.

With respect to benefits, we are proposing to increase the weekly benefit rates. The new maximum for a person with a dependent will be $30 per week in place of the present $24 per week, and for a single person it will be $23 per week instead of $17.10. The scale from there down is shown in the tables which I have filed. When the act first came into operation the scale of benefit rates was designed to preserve a certain relationship between the ordinary rate of earnings and the benefit payable. This relationship has been impaired as a result of the rise in wage rates and, as a large number of insured persons have moved into the top benefit class, the ratio of benefit to average earnings has dropped considerably. By a revision of the earnings classes it is intended to restore the proper relationship between benefit and ordinary earnings, so that this will not result in over-insurance in the lower earnings ranges or in under-insurance in the upper earnings ranges. This is shown in the tables.

Another very important feature is the provision of what will now be known as seasonal benefits. These seasonal benefits will replace the supplementary benefits in the present act, and will incorporate substantially the changes recently made during this session. It is proposed that seasonal benefits be available to the same two classes of workers as at present, namely, those who exhaust their regular benefits after April 15 of any year, and those who do not have sufficient contributions to qualify for regular benefit but have made 15 weekly contributions subsequent to March 31 preceding their claim. Like the supplementary benefits, these seasonal benefits will be available from January 1 to April 15 of each year. They will provide the full rate of benefit for 15 weeks in the case of those who exhaust their benefit rights and for from 10, formerly 3, to 15, formerly 6, weeks in the case of those who have at least 15 but not 30 weeks of contributions.

The protection offered by these seasonal benefits is the same and in some instances better than that now available from supplementary benefits after the amendments made last January. The present method of paying benefit on a daily basis, under the act as it now stands, is involved and leads to a number of difficulties where holidays and short-time employment are concerned, particularly where some claimants are on a five-day week and others are on a six-day week. In addition, the provision that the first day of unemployment shall be non-compensable and also the provision with regard to earnings from subsidiary employment are misunderstood by claimants and, I might add, by a great many other people. To overcome this, the new plan proposes that the non-compensable day be eliminated and that claimants be allowed to earn a specified amount during a claim week without reducing their benefit. Earnings above this amount will be deducted from the benefit payable.

It will be immaterial whether the allowable earnings are from subsidiary employment carried on outside of the claimant's usual hours of work or from any other type of employment. This new provision will simplify the computation of benefit and will provide a greater measure of protection to workers who can find casual employment or who are working short time. It is not proposed to make any change in the effect of the waiting period, but a minor change is proposed. The waiting period at the beginning of a benefit year can now be deferred to

a later date in order to prevent hardship when a new benefit year commences after a claimant has been unemployed for some time. It is now proposed that the waiting period in such cases be waived entirely, if this has not already been done within the preceding year.

A number of other amendments of a minor character and a general rearrangement and consolidation will be found in the bill. It will be complete in itself, incorporating all the required sections of the existing act whether amended or unamended. I shall ask that the bill be referred to the standing committee on industrial relations after second reading.

When the unemployment insurance advisory committee met on December 14 last to review the amendments regarding seasonal benefits, it was of course necessary for the committee to have before it the views regarding this general revision as they were then held. Later when plans had further crystallized to the point where they were nearly the same as the amendments now proposed, a further meeting of the advisory committee was held on February 15. In order to review these final recommendations, as reflected in the actual bill, the committee has called a further meeting for tomorrow, April 5.

I think it would be in order on this occasion for me, as the minister responsible for the time being to the government and to parliament for reporting on the operations of the unemployment insurance commission, to say a word or two about those who are responsible for the carrying out of the will of parliament in the administration of this legislation. The commission is a semi-autonomous federal government agency. It is proposed that its status in this regard shall remain unchanged. It is an agency with large, far-flung central, regional and local offices whose workers have a very intimate contact with the lives of fellow workers in private industry throughout the country. After the first of the year the unemployment insurance commission workers were called upon to superimpose the new seasonal benefits upon their administrative machinery. This was done without hitch or fuss and with no delay in service to their customers. Both employment and insurance workers in those offices have now just passed a peak work load that has had more stresses and strains this winter than at any time in the past.

Mistakes have been made and I know that complaints have been received by hon. members. Yet with all that a great deal of evidence has come to me this winter to indicate that our staff has been coping with the situation in most commendable fashion. Further, in spite of the pressures they have continued to apply the provisions and the benefits of the act with the whole accent constantly placed on the factor of human need. For that I wish to express appreciation this afternoon.

It will be apparent from what I have said, Mr. Chairman, that what the government is here proposing is not merely a series of amendments to the Unemployment Insurance Act. It is something much more fundamental than that. We are undertaking, in fact, the most far-reaching revisions of our unemployment insurance program that have been attempted in the decade and a half of its existence during the course of the seven times the legislation has been reviewed by the house.

The act since 1940 has served as the steady bulwark of protection in times of unemployment for an average of 3,500,000 Canadian workers and their families. During this time, it has proved a flexible and effective federal instrument of social security. This was the first of the comprehensive nation-wide social security measures which marked, in the post-depression years, the emergence of a new sense of social responsibility on the part of the Canadian people.

Born out of the suffering and the hardship of the great depression, the Unemployment Insurance Act of 1940 established a new dimension of social statesmanship to which all our subsequent social legislation—family allowances, the new veterans charter, old age security, the national health program, rehabilitation of civilian disabled, have faithfully conformed. It was the passage of the Unemployment Insurance Act which enabled my predecessor, who introduced it, and all his fellow countrymen, for the first time to speak of "a Canadian social security program".

The system which has developed from those first beginnings owes much to the pioneering spirit of those who brought in this enactment. In a very special sense it has been called a twentieth century bill of rights for the Canadian worker.

What we are doing today, in the new legislation which I have the honour to introduce, is adding a worthy addition to the steadily-growing structure of social security that we have been building in Canada. Approval of these proposals will go far to provide an answer to the problems of the large number of our workers who undergo short periods of unemployment such as has been experienced these past few winters.

I have every confidence that on the basis of this sound foundation, supplemented by whatever additional measures will be worked

out in the forthcoming co-operative discussions with the provinces, the Canadian wage earner will be able to look forward with confidence to a new era of incentive, security and opportunity better than anything that he has yet known.

I commend this resolution to the committee.

The Deputy Chairman: It has been indicated that the hon. member for Fort William wishes to ask the minister a question.

Mr. McIvor: I was wondering if it would be possible for us to have this bill to take with us during the recess, as it is most important that we should have time to study it.

Mr. Gregg: The bill is ready. What the hon. member suggests, of course, will depend upon the discussion taking place in the house.

Mrs. Fairclough: Mr. Chairman, I must say I had not intended to go in any detail into the history of the Unemployment Insurance Act. However, inasmuch as the minister has made quite a point of tracing back the origin of the act of 1940, and inasmuch as at the close of his remarks today he has referred to this act as the first, to use his words, of the comprehensive nation-wide security measures—and there was much more in the same vein—I feel it would not be proper for us to proceed with the discussion of this measure without bearing in mind that it was on February 12, 1935, that the late R. B. Bennett, who was then prime minister of Canada, introduced to the House of Commons the first unemployment insurance scheme.

Mr. Croll: Which the courts disallowed.

Mrs. Fairclough: Which the courts disallowed, as the hon. member for Spadina has said, and quite rightly. And why? Because the Liberal government which followed the government of Mr. Bennett in that same year made it a point, as one of its first items of business, to throw that act to the courts, in the hope that it would be disallowed, instead of seeking the co-operation of the provinces.

Mr. Garson: Is this an attack on the courts?

Mrs. Fairclough: No, this is an answer to some of the truck that has been thrown into the debates in the House of Commons for many years. Certainly since my entry to the house I have had to listen to it; and I am not going to listen to that sort of stuff any longer.

I suppose there is rarely a piece of legislation introduced that does not have some flaws in it. Granted that, at the time the legislation was brought down, it probably did not have the support it should have had from the provinces, still it would have been a simple matter to have obtained that support, had the government so wished. But the government did not.

Mr. Hees: They did not wish it.

Mrs. Fairclough: They did not wish it to have any support, and they made no effort to get the support of the provinces. And so, rather than implement a piece of legislation brought in by a Conservative government, the Liberal government of Mr. King sought to destroy that legislation and, indeed, succeeded in destroying it, although six years later, having delayed the protection which was due to the workers of this country for that period of time, the Liberal government then brought in what was basically the same legislation.

Now, in 15 years conditions change.

An hon. Member: Under a Liberal government.

Mr. Fraser (Peterborough): They change for the worse.

Mrs. Fairclough: I might add they also changed after 1921. But memories are short. I remember back to 1921. I was one of those out of work in 1921, as I was in 1931.

Mr. Martin: When the hon. member says that, she disillusions us.

Mr. Hees: She must have been only a kid.

Mr. Knowles: She was a little girl then.

Mrs. Fairclough: Anyone who comes to the House of Commons has no right to have any illusions.

As I was about to say, there have been many changes since this act came into force in 1940. Wage rates have doubled. Hours of work in some instances have been almost cut in half. Certainly several of the provinces have introduced legislation respecting maximum hours of work, and labour itself has negotiated for an even shorter work week than that dictated in much of the legislation on the provincial statute books.

All this has created an entirely different labour picture from that in effect in 1940. In 1940 and 1941, when this act began to operate, the economic conditions in the country were entirely different. As the minister said, when quoting Mr. McLarty, we were in the midst of war. It is to be expected that over the years coverage would be extended, and that there would be changes in the act. The official opposition has supported the government in respect of most of those changes, and has even made suggestions for what it considered to be a broadening of the provisions of the act.

In the meantime the fund has grown steadily. Within the last nine years it has more than trebled. In the thirteenth annual report of the commission I find that on March 31, 1945, the fund stood at $268 million. On March 31, 1954, one year ago, the amount in the fund was $881,225,000. The latest figures which are available, namely those of February 28, just a little over a month ago, show that the fund stands at $869 million, which is slightly below the amount at which it stood on March 31, a year ago. There is no doubt in my mind, Mr. Chairman, that when the figures are available at the end of the current year they will show that the fund is lower than that because the calls which have been made upon it have been particularly heavy this year. However, in spite of this reduction it is a fact that the fund is still running in the neighbourhood of $900 million. This in itself is a sign that the plans which were laid and the alterations which have been made in the act over the years have in no way injured the fund, and we now ask ourselves whether it is too large.

After what we have been through this year, I do not think many of us would want to see it depleted, but we certainly do not think it was ever contemplated that the fund would reach unwieldy proportions. In each instance, when the minister has brought suggestions to the house for alterations in contributions—I recall when the supplementary benefits were put into effect and when the one cent a day increase was brought in—we all thought that the supplementary benefits would eat up the additional contribution, and probably the payment of the supplementary benefits would deplete the fund in spite of the additional contributions made to it. That did not prove to be the case, and time went on. As I said, we now have a fund of approximately $900 million. This brings up the problem of just where we are going and whether the workers of this country have the coverage to which they are entitled. There are still several classes of workers who are not covered, and some of those classes have repeatedly asked for coverage. I am not going to try to deal with them all. I should like to mention one in particular, namely, the coverage to be afforded to fishermen.

In January of this year, when the former amendments to the act were under consideration, to which the minister referred, the hon. member for Esquimalt-Saanich made a plea for fishermen and men who are connected with the fishing industry. He referred to tradesmen who were employed by fishing companies and who were in employment which is deemed insurable. I think I could do no better than to read this short description which he gave, when he said, as reported at page 77 of *Hansard:*

> There are certain companies which are engaged in the fishing industry and which employ a large number of men who are not actual fishermen in that they are not employed in the catching of fish but they are connected with the lifting of fish from various fish traps which are established legally in the strait of Juan de Fuca. I refer particularly to men who are employed in such companies as the Sooke Harbour Fishing and Packing Company as pile drivers, and men who are employed in the repair of the leads which guide the fish into their traps. These men are not fishermen in the ordinary sense of the word. They do not go out in boats to catch fish. They are employed in the fishing industry, but they are very definitely tradesmen of another classification.

The hon. member was speaking of fishermen in general and of tradesmen employed in the fishing industry as well. I would think, Mr. Chairman, that no one who knows anything about the problem of fishermen being considered eligible for unemployment insurance will minimize the complications which are involved in finding a basis, under the act as it now stands, by which assessments to the equivalent of the contributions of wage earners and employers could be collected from fishermen. The hon. member for Esquimalt-Saanich, as I quoted, described some of the anomalies that exist on the west coast. It is also a fact that the west coast fishing is very well organized. There should be no difficulty, I would think, in producing a formula for coverage of employees in that industry. Likewise, in Ontario, fishermen have become well organized in associations and co-operative marketing and I would think that they could quickly rally to any realistic requirement that would enable them to contribute and benefit from the unemployment insurance fund. Everyone knows of the large and successful Quebec united fishermen's co-operative, which could readily bring about the means of enabling fishermen and the buyers of the products of their labour to contribute to the unemployment insurance fund so that the fishermen could reap the benefits therefrom. I do not think there is any doubt that the organized fisheries industry, the strong co-operatives and the private corporations which exist in Prince Edward Island and New Brunswick could quickly agree to meet the requirements of regulations designed to enable the fishermen to gain the benefits of unemployment insurance. Nova Scotia has never been backward in reaching out and claiming just deserts for her sons, and I am sure that the industry in that province likewise could be quickly organized to participate in this scheme.

The production of the labour of by far the majority of the fishermen in Newfoundland, I understand, is marketed under the administrative direction of the federal government

fisheries board, and it has contracts with an exporting organization of dry salted fish known as the Newfoundland Associated Fish Exporters Limited, better known to us as NAFEL. Between this federal government board and the exporting agency, I would think that the administration machinery is available through which to implement an assessment on the product of the labours of fishermen in that province as a means of admitting them to eligibility under the unemployment insurance scheme.

With respect to Newfoundland in particular, Mr. Chairman, I think a great many promises were made during the election campaign of 1953, which I hope the minister is now prepared to fulfil within the framework of the revised Unemployment Insurance Act. It is advisable that the coverage for unemployment insurance should be as wide as possible, and should embrace as many categories of workers as possible. I am not without some knowledge of the difficulties that appear in certain classifications, and I realize that some of our workers might never find it possible to participate in this scheme. But on the other hand there are some, such as those I have just mentioned, who, with a little ingenuity on the part of the government, could be included in both the contributions to and benefits from unemployment insurance.

The labour force, as reported on February 19, was 5,391,000. According to the report of the unemployment insurance commission, to which I referred a few minutes ago dated March 31, 1954, the coverage of paid workers was 61·6 per cent. Surely, Mr. Chairman, in a country as broad as Canada, which the labour department and the unemployment insurance commission have reputedly so well organized, a larger percentage of the labour force could be included, now that the foundation has been laid, now that 15 years have gone by and various amendments have been made to the act from time to time.

I call upon the minister when he is discussing this bill with the advisory committee, which I think he said would be tomorrow, to discuss this phase also because it would seem to me that in the time which has elapsed since the last survey was made, of the fishing industry for instance, some four years ago, the advisory committee must have more information available.

Then with reference to the amendments to the act in general: In January when this was first mentioned in the speech from the throne a number of articles appeared in the newspapers, I think mostly Canadian Press dispatches, which sought to guess at the type of amendment which would be forthcoming. The main guess at that time was that the recording of contributions by stamps in books of employees would be discontinued and a method substituted of a 1 per cent deduction matched by the employer, the employer to remit these funds monthly to the unemployment insurance commission.

But as time went on we heard no more about that. Now the minister is bringing down his bill and has made his announcement with reference to the changes. I noticed that two or three days ago the newspapers had pretty much the same material which the minister gave to us today and it became apparent that rather than have a 1 per cent levy the stamp system would be retained although in a more easily handled way. I must say that now that this report has been corroborated by the minister it is apparent from some of the changes he has mentioned that they will undoubtedly smooth out some of the administrative difficulties, not only from the point of view of the department but at the employer level as well.

There is no doubt that the perforated stamp system in use was a complicated method of recording the days worked and frequently resulted in the elimination from the benefits, or the disqualification from benefits, of employees who had worked as much as 175 of the 180 days within the required period of eligibility. Some of these people found that rather hard to take.

As I understand the new scheme, there will be a weekly stamp and a requirement of 30 weeks of contributions rather than 180 days. It will be possible for an employee to benefit if he has had any work at all in the 30 weeks regardless of whether it is one day or five days. I think that that is all to the good.

Some of the other amendments which are suggested, I take it, will reduce the rate of contribution for those in the lower wage brackets and provide benefits at a higher rate for those workers in the higher wage brackets. All of which is likewise to the good.

Whether the average which has been struck by the department will prove to be sufficiently high remains to be seen. I realize the difficulties under which the department must labour in trying to strike a balance which will provide sufficient benefits for the employee without making work completely unattractive to those who consider that receiving benefits is better than working. I think that those are definitely in the minority, that most of the workers in this country would prefer to work at their regular jobs no matter what the benefits were.

There are some things about the references which have been made that concern me. I am very much concerned about the reason

for the curtailment in the number of benefit days whereby the maximum is reduced from 51 weeks to 30 weeks. I realize that the minister has said that during the transition period care will be taken to see that a worker who has built up a reserve will not suffer. However, this is going to go on for some time and the day will come when people who are retired either voluntarily or compulsorily will find that they cannot claim the benefits which they have built up over many years of working.

Certain it is that many people in industry today are compelled to give up their jobs to younger workers at as early an age as 60 years, with 65 years being the popular age. We talk about the benefits which have been made available to workers and we do a lot of bragging about our old age security scheme and our old age security program which are in effect in Canada, but it seems to me that there is a wide gap between the age at which a man may be forced to retire and the age at which old age security payments would become available to him. In those intervening years one thing which has helped the average worker in forced retirement has been these 51 weeks of unemployment insurance benefits.

It is all very well to assume that these benefits are not in effect insurance benefits but are a sort of pension for these workers who have been retired, but I maintain that regardless of the reason for the severance from employment, a man who has contributed for many years to unemployment insurance is entitled to the full benefits. The fact that his severance from employment is due to an industrial ruling which throws out of work all people over a certain age in a given plant should not mean that he will not receive the benefit of the contributions which he has made over the years.

This thing will hit those very people who have been the backbone of the unemployment insurance scheme, that is those people with steady jobs who work along day after day, week after week and year after year without any hope of benefiting because they never expect to be unemployed. True enough, their first unemployment is when they are forced to retire. Many of these people are capable of taking employment. They go to the unemployment insurance office and register for employment but there is none available because of their age.

It would appear that in these amendments it is proposed to cut down their benefits from the 51 weeks which were available to them previously to 30 weeks. If I am to understand that, from what I heard the minister say and from what I have read in the newspapers, then we will oppose it because it is not proper that these people should be refused benefits at the very time when they need the benefits to which they have contributed for many years.

I should now like to say a few words with respect to allowable earnings. I was interested in the minister's remarks. I hope that in the regulations governing this amendment the worker will be permitted to glean his allowable earnings from whatever source he pleases. That was the construction that I put upon the remarks made by the minister. It has certainly been the case heretofore that if the worker had employment which paid him $2 a day he forfeited $4 of unemployment insurance benefits which is little enough incentive to work.

I know of one man who obtained night employment which paid him $16 a week and because of that he lost his unemployment insurance benefits of $24 a week. The only solution was for him to work for less money. Eventually he decided to retain the same job but suggested to his employer that instead of being paid $16 a week he should be paid $10 and this was done. By reason of having the earnings derived from his subsidiary employment reduced to less than two-thirds of their value he was able to retain his unemployment insurance benefits. The alternative course would have been for him to stay at home, not work at all and collect the $24 on which he could not live anyway.

One of the outcomes of this system was demonstrated in Hamilton last week. We had a snowstorm—not as severe a storm as we had in Ottawa, but quite a heavy snowstorm—and it was impossible to obtain the men who were needed for snow shovelling because if they took this type of work, which they knew would last only for a few days, their position with regard to unemployment insurance benefits would be jeopardized. It is a foolish law which inflicts conditions like that upon men who are otherwise willing to work. I do not think it should be necessary for a worker to be confined to subsidiary employment. If he can obtain a little employment in his regular field I think he should be permitted to take it. I hope that the minister has borne that in mind when bringing in the amendments and that provision for this will be made in the revised act.

We had something to say earlier this session, Mr. Chairman, with respect to the terminal date for payment of supplementary benefits. The minister has now made some remarks which would indicate that the term "supplementary benefits" is to be removed from the act and that we will still have

the supplementary benefits but under a different name; a case of a rose by any other name, I suppose.

I should like to speak for a moment about the need for extending not the benefits themselves but the period of the payment of those benefits. April 15 is practically upon us now and while the sun has been shining for a few days and the snow is melting, the type of work which is available to many of these men has not yet opened up. We had the same situation last year; it is not a new situation. It would seem to me that rather than placing in the act a specific terminal date there should be some flexibility to the termination of the supplementary benefits, or by whatever name you may call them.

In certain parts of Ontario where the weather does not open up as quickly as it does in southern Ontario it might be necessary to extend the supplementary benefits even to the 1st of June, but whenever conditions demand it I believe there should be sufficient provision under the act for taking care of these people, even if it has to be done by regions. It might be that rules would have to be laid down according to the weather which is encountered in the various parts of Canada.

A few days ago an hon. member of this house asked the minister if any consideration had been given to the extension of the date for this year and his reply, as I remember it, was that the government had not yet decided. There are many problems which need to be solved and which are brought up by speakers in this house in various debates from time to time. There is the problem of the young people who enter the labour force and are unable to secure work; or, if they secure work, who work for a short time and then are unemployed and have insufficient contributions to qualify for unemployment insurance. I know the minister has made reference to that in his remarks and has said that the new regulations which he proposes to bring in will help cure that situation. Whether or not the new regulations will be broad enough to take care of this situation remains to be seen and it will be interesting to see precisely what he has in mind. There is also the matter of immigrants who come to this country, who work for a while and are then thrown out of employment before they have made sufficient contributions to qualify for benefits. I am sure the minister is aware that it has been a matter of contention in various parts of the country as to who is responsible for these people and whether they should be looked after by the unemployment insurance commission or whether they should be a charge on the department of immigration. If the minister is not aware of the fact, I think he would be interested in knowing that there are several different opinions on that score. In some centres the immigration department takes charge of these people quite gladly and in others they wash their hands of them and say they can do nothing for them. Whether this means that the two departments should get together and formulate a policy concerning these specific workers as a matter for government consideration I do not know, but I commend it to the minister for his consideration.

There are those workers, Mr. Chairman, who are taken ill or who suffer disability between the time of their severance from employment and the date on which they apply for benefits. This too creates an anomaly since the worker who is taken ill subsequent to receipt of the benefits has been taken care of now for a couple of years or so.

I had one case not long ago when a man called me up and said that he had been laid off on a Friday night for an interminable period, or so he was led to believe. On Saturday, of course, the unemployment insurance offices were closed, and Monday was a statutory holiday. On Monday he took his family out and succeeded in injuring himself; he broke his arm. Therefore he was declared ineligible for benefits by the unemployment insurance commission. Well, it is quite possible that these things happen particularly on a long week end. The papers are full of stories about the number of accidents which occur during the course of a long week end. However, if some of these unfortunate people are in the position of having been laid off on the previous Friday then they are automatically disqualified for benefits. This is another matter which I think the minister has had under consideration and is rectifying in the current bill.

Now, Mr. Chairman, I know that the minister would be very disappointed if I did not mention once again in my remarks on any unemployment insurance measure the matter of regulation 5A(1). I could not let this opportunity go by without assuring the minister and the house that whenever there is a debate at any time on unemployment insurance you will hear about it until it has been removed. This clause was not put into effect until 1950 and it affects only married women. I have followed the questions which have been asked because they are published in some of the trade magazines. It is amazing how frequently there is a question asked with reference to the

circumstances under which a married woman can qualify for unemployment insurance. I picked this one out because it is typical. The question which was asked, and which I understand is answered by some official of the department, is this:

Why am I disqualified for not having 60 contributions since marriage when I worked six months after I was married?

The answer was:

The regulation says that you must have 60 contributions since your marriage if you were unemployed at the time you were married. On the other hand, if you continued to work after you were married, you must have 60 contributions after your first separation from employment following your marriage.

Of course, I suppose the answer to that is that anyone contemplating marriage should just quit her job and say, "I am now unemployed", and then immediately after marriage go back to work; in two months of work after having resumed her position she could qualify. I suppose these people never thought of that. I throw it out to them as a suggestion.

I would not feel so strongly about this particular regulation if it were not for the fact that it is the only one of which I know which is definitely discriminatory against one class of worker. The minister knows as well as I do of various classes of workers who at times make a run on the unemployment insurance fund. They find out that they can have a couple of weeks of holidays. If they handle it discreetly it will be made to appear that they have been laid off for lack of work. Then having received their benefits, after a while when they have had a little holiday, they can go back to their employment again.

That is something that has happened not once but several times. I am sure the minister is perfectly well aware of the classes of employment in which it occurs. Yet this one group of workers is the only one which is mentioned in the regulations, to my knowledge, or which has a definite regulation governing the matter of availability for employment. I urge the minister once more to have it removed. I think it is ridiculous. I do not know why it was ever put in there in the first place except that, having had some instances of married women claiming unemployment insurance where probably it was thought they had no intention of rejoining the labour force, it was felt that this regulation would stop the practice to which I have referred. I might say that I have much the same sort of feeling with reference to the proposed amendment to the act of which I spoke a few moments ago with reference to those people who are retiring from industrial work through no fault of their own. If that is the case, I intend to oppose that amendment as well. I ask the minister now, when he is making amendments to the act, to see that this regulation 5A (1) is taken out of the regulations.

While we talk about unemployment insurance and while we try to build up the fund to take care of emergencies which arise in the industrial life of this country, it seems to me that we cannot allow to pass the opportunity to examine slightly the causes of unemployment. I have no intention of taking up the time of the committee by going fully into this matter in which I am keenly interested but I want to say just this.

We hear quite a bit of talk about proposals which are being put forward more and more by union members for what is called a guaranteed annual wage, guaranteed employment and various other names. I would suggest that there is hardly an industrialist in this country who would not be delighted to have his plant work 52 weeks of the year and to have all his employees employed 52 weeks in the year. In my estimation, industry is ready and willing to co-operate in the matter of year-round work, but the situation is not entirely in their hands. I ask the committee to consider for a moment this situation. If one industrialist attempts to spread employment he places himself economically in a position where he is unable to compete with his rivals in the same line of business. He may say, "I can cure this matter; I can call in my competitors and we can agree that we will take a certain line of action which, true enough, may raise our costs a little bit but it will give to these people employment for a full period each year." Then what happens to him?

He calls in his competitors. They confer together. They are willing to adopt the same system that he is willing to adopt in order to give steady employment. Then the Minister of Justice steps in and says, "You cannot do this. You have connived together to raise the price of your product and therefore you are guilty under the Combines Investigation Act". So he is left right back where he started, except that he may have had a nice fat fine slapped on him also.

Clearly, Mr. Chairman, it is a problem in co-operative action between industry and government. Surely we can give to industry some of the benefit of the doubt that they take this action with good intent and for a purpose of supplying work for their employees. Surely the Minister of Labour, the Minister of Justice and any other members of the cabinet who may be interested can get together and try to find

some way of solving this employment problem. I submit to this committee, Mr. Chairman, that it is a problem which can be solved. Before this bill has been approved by the house I trust that all these things I have mentioned and many others will have had full and proper consideration not only by the standing committee on industrial relations but also by every member of the House of Commons.

Mr. Knowles: Mr. Chairman, to the extent that the bill forecast by this resolution makes provision for some real improvements in the Unemployment Insurance Act, we welcome it. We also welcome the fact that it is the intention to refer the bill, after it has had second reading, to the standing committee on industrial relations so that it can be thoroughly examined by the members of that committee. The committee has the power to send for persons, papers and records and I am sure that it will exercise that authority.

In thinking of what I would say, Mr. Chairman, I have decided to pattern my remarks after those of the minister, in this sense. As I see it, he dealt with the subject under three headings. In other words, like Gaul, his speech was divided into three parts. The hon. member for Hamilton West seemed to feel that all the gall was in the third part. In the first part of his speech the minister gave us something of the history of the enactment of this legislation in 1940. In the second part of his speech he outlined the changes being proposed in the bill to be based on this resolution. In the third part of his speech he asked us to see this resolution in the context of a reputed over-all Liberal social security program. It was there that the hon. member for Hamilton West felt that the gall came into the third part of the speech. However, I shall have something to say about that matter when I reach that portion of my own remarks.

The minister started off by saying he had found it extremely interesting to go through the debates of 1940. It so happens I spent the week end doing the same thing. I found it interesting to read the debates not only on the resolution and the bill respecting unemployment insurance itself but also on the motion for an address to Westminster for an amendment to the British North America Act to make unemployment insurance possible. I found in the course of my reading that Mr. King had strongly recommended to members of the house that they peruse sessional paper No. 152, tabled on June 25, 1940, which contains the correspondence between the federal government and the provincial premiers leading up to the general agreement that the British North America Act might be amended so as to write unemployment insurance into the British North America Act as class 2A of section 91.

What interested me particularly as I read the debates of 1940 was that there seemed to be more attention paid to the constitutional aspect of the matter, more attention paid to the question as to whose was the responsibility for unemployment insurance, than there was to the actual details of the bill itself. The hon. member for Hamilton West has drawn attention to the fact that the Unemployment Insurance Act of 1940 was not the first one presented to parliament but rather that there had been one introduced in 1935 by Mr. Bennett which had been referred by the succeeding Liberal government to the Supreme Court of Canada and then to the judicial committee of the privy council. Incidentally—

Mr. Fleming: They did not try to uphold it either.

Mr. Knowles: Incidentally—

Mr. Martin: You know they could not possibly.

Mr. Fleming: They did not try. The King government did not make any effort.

Mr. Knowles: Incidentally, for the third time—

Mr. Hees: Dirty Liberals.

Mr. Knowles: —since the hon. member for Hamilton West has suggested that the history of this act should go back beyond 1940 I suggest it should go back considerably beyond 1935. As a matter of fact it was during and after world war I that the trade union movement of this country first began to advocate and call for the enactment of unemployment insurance. I suppose it was not unnatural, in view of the popularity which the labour people of the country were giving to this idea in those years, that the Liberal party at its famous 1919 convention included in its platform a plank calling for unemployment insurance. Of course the fact that it was written into the platform in 1919 did not mean it was to be brought into effect overnight, any more than the health insurance which is talked about by my hon. friend across the way, the Minister of National Health and Welfare, but at least unemployment insurance was achieved in 21 years.

In the meantime, as hon. members will recall, the matter was discussed in the House of Commons a great deal, frequently on the initiative of my predecessor, as the member for Winnipeg North Centre, the late J. S. Woodsworth. Hon. members will recall the

very famous exchange of letters in the year 1926 that had to do with old age pensions. At least, hon. members will remember mainly the old age pension part of that correspondence between Mr. Woodsworth and Mr. Heaps on the one hand and Mr. King and the other party leaders on the other. I remind hon. members that old age pensions were only one subject of that famous letter and of Mr. King's reply. Concern for the unemployed was the other subject. Likewise, in 1928, and very largely because of the pressure exerted in parliament by Mr. Woodsworth and others associated with him, the select committee on industrial and international relations was given this instruction:

That in the opinion of this house, the committee on industrial and international relations be authorized to investigate and report on insurance against unemployment, sickness and invalidity.

That committee made a report approving in principle of unemployment insurance but drawing attention to certain constitutional difficulties. The matter came up again in 1929. That would be ten years after it was written into the Liberal platform in 1919. Mr. King still stalled on the ground that there seemed to be some problem of a constitutional nature. Hon. members are aware of what happened from then on. Mr. King did nothing while he was in power up until 1930, but in 1933, while in opposition, he pledged that if the Liberal party came back into power after the next election they would take the necessary steps and conduct the necessary negotiations with the provinces to bring about a nation-wide scheme of unemployment insurance. Then there followed Mr. Bennett's legislation of 1935 which, as has already been said, was referred to the courts in 1936 and declared ultra vires both by the Supreme Court of Canada and by the judicial committee of the privy council.

In 1940 the act which is now on the statute books was brought in. Before it was brought in there was a resolution, which was debated in the house on June 25, 1940, calling for an address to Westminster so that the British North America Act might be amended. As I say, that debate was extremely interesting and some of the arguments advanced during its course carried over into the debate on the unemployment insurance legislation itself. I found particularly interesting the position taken by Mr. King, by Mr. McLarty, who was then the minister of labour, and by Mr. Lapointe, who was then the minister of justice. All three of these late gentlemen figured very prominently in these debates.

They made the contention very strongly that what they were seeking was not just a clarification of a somewhat ambiguous position. They did not go for the idea that there was any uncertainty, that maybe unemployment was a provincial matter, maybe it was a federal matter, maybe it was half and half. No, they took the position that as from 1867, as from the adoption of the British North America Act, unemployment had clearly been a provincial matter. They did not argue with that at all but they took the position, and Mr. King said this particularly on second reading of the bill, that Canada had moved a long way since 1867 and that in 1940 the time had come to make a clear-cut and definitive change. The time had come to say that industrial and economic conditions were such that we had to transfer concern over unemployment and responsibility for dealing with it from the provinces to the federal parliament.

Mr. King insisted that the federal parliament had the right to request Westminster to change the British North America Act without getting the consent of all the provinces, but at the same time he said, "This matter is so important I think we should get that consent." One of the reasons he gave for the considerable delay in connection with the matter was that it took time to get the consent of all the then nine provincial governments of Canada. He made a great deal out of that in the debate both on the resolution respecting the amendment to the constitution and in the debate on the legislation itself. Through all of this runs the theme that parliament was being asked to make a specific change, to transfer to the field of federal authority what had clearly been a provincial responsibility under the British North America Act from 1867 down to 1940. Without getting into the argument that went on here a while ago between my Conservative friends to the right and the Liberals across the way, I think even my friends to the right would agree it is a good idea that the British North America Act was amended and that it is now clear beyond any doubt that the responsibility for insuring against unemployment is a federal matter.

One of the points Mr. Lapointe made in the debate on the resolution addressed to Westminster was that no unemployment insurance act, no matter how well drafted, could be perfect for all time, and that amendments would have to be made as time went on. So he insisted that if any attempt were made to establish unemployment insurance on the basis of consent as between the provinces on the one hand and the federal government on the other, or if any attempt were made to establish such legislation on a concurrent basis, then certainly difficulties would be encountered just as soon as any amendments had to be made to the legislation. He indicated

it was not enough just to get concurrence; you would have to hold that concurrence through future years. Therefore it was imperative that the matter be transferred once and for all to the federal authority.

I take no exception to the position taken by Mr. Lapointe, by Mr. King and Mr. McLarty in that debate, but I think the government should recognize what flows from the decision made at that time. All the provinces agreed. In due course the resolution passed this House of Commons and the other place unanimously. I think some reference was made in the debate later on to the fact that it took only 19 minutes for Westminster to agree to the requested amendment to the British North America Act. In other words it was agreed all round that unemployment insurance is clearly and exclusively a federal matter. I submit it flows from that that the federal authority is the one that has the responsibility to insure against unemployment, not only by means of a particular statute that might be called the Unemployment Insurance Act but by whatever means are necessary to see to it that unemployment is minimized, or that the suffering which flows from unemployment is mitigated so far as those who are unemployed are concerned.

So I submit that what Mr. King said in the debate on this matter in 1940 is even truer today. He said in 1940 that we had come a long way since 1867 in the economic and industrial conditions of this nation, and that we had to make a change. Well, the change was made. And we have come a long way since 1940, Mr. Chairman. We used to hear the words "technological improvement" and "technological advances". Those words have now been replaced more or less by the new word "automation". To some extent it may be the same thing, but at a much higher speed. It may be that the difference is so great that it is one of kind rather than of degree.

In any event I suggest that in 1955 the problem of unemployment has become as much greater than it was in 1940 than that of 1940 was greater than the problem of 1867. There is no constitutional argument any more. The Liberals made sure of that. They said they had to be sure of it, and that there had to be no argument about it in future. It is all there, particularly in the words of Mr. Lapointe and Mr. King on June 25, 1940. All right, they have the authority; they have the responsibility. I am talking about the federal government, these same Liberals who sit across the way today. And I submit there flows from what was done in 1940 that this federal government now has complete responsibility for the problems that arise from unemployment.

We are glad to have a bill like this brought in at the present time, containing the improvements indicated by the Minister of Labour. But I suggest that under that heading of unemployment insurance, which I prefer to put in its other form as insurance against unemployment, the federal government has a responsibility which calls for far more than is presented to us in the legislation laid before us today.

Mr. Martin: I am sure my hon. friend will agree that that may or may not be the case. We will not argue that at the moment. But there is no question that the amendment obtained in 1940 was to enable the federal government to pass a measure which would permit it to require contributions from various groups for the purpose of bringing into being the Unemployment Insurance Act. And that was all that measure did. The question my hon. friend is now arguing is apart from the point altogether, although admittedly it is a very important question.

Mr. Knowles: There goes the orderly arrangement of my speech, in the three parts I suggested when I started. I shall have to change it around because of that interruption by the minister, but I don't mind. I was saving this for later on in my remarks. However, the interjection by the Minister of National Health and Welfare prompts me to turn to *Hansard* of July 19, 1940, to read some things he said that day when he was just an ordinary private member, sitting as the hon. member for Essex East.

Mr. Dickey: Nothing "ordinary".

Mr. Knowles: I agree. He was an extraordinary private member.

Mr. Hees: They used to call him the Essex flash.

Mr. Knowles: Incidentally, since I have referred to the hon. member who is now Minister of National Health and Welfare, and since what he had to say on that occasion had to do with unemployment insurance—and that is the subject now before us—perhaps I should go into two or three of the points he made. He of course supported the legislation, and claimed some paternity for it. That is not unlike the minister today. But he also was quite upset about the remarks of the then leader of the opposition, the late Mr. Hanson, to the effect that the plan did not look to him to be actuarially sound. The Minister of Labour quoted today from Mr. Hanson's remarks. I was wishing he would go on and

quote what the then member for Essex East had to say in reply to Mr. Hanson on that point.

Mr. Martin: One great man at a time.

Mr. Knowles: I pause for a moment to make sure the *Hansard* reporter heard that. I turn to page 1777 of *Hansard* of July 9, 1940, where the then member for Essex East had this to say:

> No unemployment insurance scheme in any part of the world has yet been able to operate without calling from time to time upon the national exchequer for further assistance, and for us to assume today that there will in the course of time be no further demands upon the treasury is, I think, not to face realities.

Mr. Martin: Hear, hear.

Mr. Knowles: And he went on to say:

> If by "actuarially sound" is meant that we shall seek to establish a measure which will be actuarially sound in the sense that life insurance is, that is impossible in unemployment insurance because the nature of the risk in life insurance is altogether different from the nature of the risk in unemployment insurance. While it is laudable to try to make unemployment insurance actuarially sound, we must not be unmindful of the fact that it is impossible really to make it actuarially sound.

In other words the then member for Essex East—and I commend him for it—was more concerned about getting this legislation through and getting coverage against unemployment than he was in its actuarial soundness. So far as he was concerned the treasury was still there to dip into, if necessary, to make sure this coverage would be provided.

Mr. Fleming: He is the big dipper.

Mr. Knowles: I shall quote this statement to him again one of these days, when we are trying to get him to bring in health insurance.

Mr. Martin: Will you help me if I do?

Mr. Knowles: Help you? We are pushing you. The quotation to which I am now going to refer relates particularly to what the minister said a moment ago as to whether or not I had the right to contend that insurance against unemployment called for something more than just a specific unemployment insurance bill. This was in the debate on the resolution preceding the unemployment insurance bill itself, when the then extraordinary member for Essex East had this to say:

> ...unemployment insurance in itself is not sufficient—

I am waiting for the minister to say "Hear, hear".

Mr. Martin: No one in his good senses would disagree with that statement.

Mr. Knowles: Fine.

I continue:

> —unemployment insurance in itself is not sufficient to meet the needs presented by a situation of that sort and must be related to the question of unemployment relief, to the question of the rehabilitation of labour—

Mr. Martin: That is right.

Mr. Knowles: The minister says that is right.

Mr. Martin: I said that no one in his good senses takes issue with my hon. friend.

Mr. Nowlan: The minister is not sure what is coming next.

Mr. Knowles: I continue:

> —and to such questions as national health insurance and the like.

Some hon. Members: Hear, hear.

Mr. Knowles: Therefore, Mr. Chairman, my authority for suggesting that insurance against unemployment as a federal responsibility calls for more than just an unemployment insurance act at this point is none other than the then extraordinary member for Essex East, the present Minister of National Health and Welfare.

Mr. Martin: You could not go to a better authority, I guess.

Mr. Nowlan: A shrinking violet.

Mr. Winch: We now pause for station identification.

Mr. Knowles: I do not know what the minister will say when I tell him I am now going to turn to another authority in the person of the late Mr. Mackenzie King.

Mr. Martin: There are hierarchies, you know.

Mr. Knowles: Mr. King, in debating this matter, said at page 1116 of *Hansard* of June 25, 1940:

> I might perhaps be permitted to say a word or two concerning the attitude of the Liberal party towards unemployment insurance. In so doing I should like to go as far back as the time when I had the honour of being chosen the leader of my party. I refer to the national Liberal convention which was held in 1919. At that convention a resolution was passed endorsing social legislation as part of the Liberal policy.
>
> Mr. Hanson (York-Sunbury): That was only a chart.

Mr. Mackenzie King picked up that retort and then finally got down to the point where he said:

> The resolution passed in 1919 was expressed in the following words:
>
> "In so far as it may be practicable, having regard to Canada's financial position, an adequate system of insurance against unemployment, sickness,—

I am glad to see the Minister of National Health and Welfare nodding his head. I continue:

—dependence, old age, and other disability should be instituted by the federal government in conjunction with the governments of the several provinces."

Mr. King went on to say:

When the Liberal administration came into office in 1921 we indicated our hope that while we were in office we might soon be in a position to enact some measure of social insurance.

Mr. Nowlan: Hope deferred maketh the heart sick.

Mr. Knowles: That was Mr. King. He said in 1940, when the house was dealing with unemployment insurance, that this was part of the Liberal government's chart for an over-all social insurance program. Perhaps I should read one more sentence from the late and great Mr. King.

It took time to gain that end.

Some others who took part in that debate are still with us. I refer in particular to my leader, the hon. member for Rosetown-Biggar, and my colleague the present member for Vancouver-Kingsway, or for Vancouver East as he was then. They had contended that at a time when parliament was asking Westminster to amend the British North America Act to include the authority for unemployment insurance, parliament should go further and ask for authority for social insurance. Mr. King felt he had to make some reply to what my leader and my colleague said, and this was it. At page 1118 of *Hansard* of June 25, 1940, he had this to say:

As the correspondence will show, one of the circumstances which enabled us to get the approval of all the provinces was the fact that we were asking for only one amendment, specifically related to unemployment insurance. I imagine the provinces have felt that they would like to wait and see just how that amendment works out before they give their consent to amendments of wider scope.

There is a typical Liberal approach. In 1919 you lay down an over-all program for old age pensions, for unemployment insurance, for sickness insurance and all those other social benefits. You bring it in step by step, very slowly. In 1940 you face the fact that to go any further you need an amendment to the British North America Act; but no, you do not ask for an adequate amendment to cover the whole field, you just ask for one point and leave it to the provinces to tell you later on whether they are satisfied. Well, we have had 15 years since that time, and still no suggestion comes from the other side that if it is necessary to obtain another amendment to the constitution to make possible a nation-wide program of health insurance, that anything along that line is being done, despite the fact that the present Minister of National Health and Welfare himself said in July of 1940 that unemployment insurance is not enough, but that we must have other measures including health insurance.

Perhaps in what I have said, Mr. Chairman—and I thank or blame the Minister of National Health and Welfare if this speech is not set in the three water-tight compartments that I intended it should be at the start—I have been dealing with history and the gall of the Minister of Labour all mixed up together. But I think the history of this matter is interesting, and I would hope that hon. members might be prompted to read some of the history behind this legislation; for it does make it crystal clear that what this Liberal government wanted was a clearly defined, unanswerable, unassailable authority for unemployment insurance. I submit that if this government has taken that authority by getting an amendment to the British North America Act, there goes with that authority the federal responsibility to deal with the whole problem of unemployment, including full responsibility for the employable unemployed, whether covered by the Unemployment Insurance Act or not.

Incidentally, one of the arguments put to the provinces when they were asked to agree to the amendment to the British North America Act was that it would save them money in terms of unemployment relief. Here, for example, is a paragraph from Mr. King's letter to Hon. Adelard Godbout, premier of Quebec, written on January 16, 1940. This is contained in sessional paper No. 152, tabled on Tuesday, June 25, 1940. Mr. King said this:

In asking for the view of the Quebec government, at your early convenience, I should perhaps add that the establishment of a national scheme of unemployment insurance should, it is anticipated,—

No one can doubt that this is Mr. King's language. I continue:

—have the effect, once the scheme is in full operation, of reducing substantially the financial burden which now falls on the provinces for the provision of unemployment relief.

Mr. King made that point in every letter which he wrote to an industrial province. I point out—to his credit—that the letters he sent to the various premiers were not carbon copies of the same letter, but they were written in the light of the circumstances in each of the provinces. Well, that was part of the bargain; that was part of the arrangement that was made with the provinces in 1940. The federal government said, "You give us this authority and we shall be lifting the load from the provinces so far as unemployment is concerned".

I might point out, Mr. Chairman, that in effect what has happened is that the federal government has taken over the responsibility for the easier part of the unemployment problem, that part that can be insured against, the part that can be covered by contributions, but the federal government left with the provinces the residual part of the problem, the hard core. I submit that is most unfair, and that it is not in keeping with the spirit of what was done in 1940 when the federal government insisted upon and got for the parliament of Canada full control over unemployment insurance or as I put it, and I think justifiably, insuring against unemployment. I submit that as this problem becomes greater in these days of automation we have to have a great deal more than is contained either in the legislation we have had thus far or in the proposals brought forward today by the minister.

Some of the possible angles of approach have been indicated already by the hon. member for Hamilton West, although she did not align herself too closely with one I have in mind, namely the guaranteed annual wage. The guaranteed annual wage has to come; and while it is a debatable point whether it should be enmeshed with the Unemployment Insurance Act or provided in some other way, it has to come just as surely as night follows day.

I know there are those who will reply that you cannot do that without encouraging people to look for the day when they can receive an income without working, but let me read to the minister some words that he uttered on a certain occasion. I have in my hand a booklet entitled "Employer-Employee Relations Conference, eighty-first annual general meeting Canadian Manufacturers Association, Royal York hotel, Toronto, May 28th, 29th and 30th, 1952." One of the guest speakers on that occasion was the Minister of Labour. The minister made quite a speech, and on page 5 of this printed report he was dealing with the problem of seasonal unemployment. He was pointing out to the manufacturers association that it would be in their interests as well as in the interests of everyone else if seasonal unemployment could be minimized. He had this to say:

> There are also business costs involved which could be avoided through a greater degree of employment stability. In many firms when operations are seasonally curtailed there are, as you know, continuing overhead charges. Such fixed charges include taxes, rent, insurance, depreciation and maintenance of equipment. The salaries of executives have to be maintained and it is often not feasible to discharge salesmen at such times. The office staff is usually kept on at something approaching its normal strength.

If there is a fundamental point at which we in this group have an approach that is different from the approach of other groups in the house it is right there. The Minister of Labour is not unique in this, because he speaks the mind of a great many hon. members of this house in other parties who accept it as axiomatic that of course the salaries of executives have to be maintained and that it is difficult to discharge salesmen, and indeed that you must maintain office staffs the year around. It is accepted as axiomatic that fixed business charges such as taxes, rent, insurance, depreciation and maintenance of equipment have to be met, but the attitude of the Minister of Labour and of many hon. members of this house stops there. I am not taking this out of its context so far as the minister's speech is concerned, because he goes on to another subject in the very next sentence.

Our contention is that the worker has just as much right to year round maintenance as has equipment. Our contention is that the worker has just as much right to a guaranteed annual wage as has the executive or any other of the highly-placed people in business and in industry. As I say, this is the point about which we feel most strongly and where there seems to be a difference of approach between us and other sections of this house.

But I say to the minister and to the government that they are going to have to do something about this question of a guaranteed annual wage. I say to them that philosophically and socially it is sound and justified, and I say to them as well that a facing up to the guaranteed annual wage is called for under section 91, class 2A of the British North America Act, which gives the federal government authority to insure against unemployment.

There are other things that can be done. A shorter work week will have to come. It is also becoming more and more evident that as automation progresses, just as was the case or should have been the case with technological advances, its benefits must be distributed among the community as a whole. That is where we come in with wider social security legislation such as health insurance as suggested by the Minister of National Health and Welfare in 1940, and all the other proposals that can be enacted to distribute among all our people the advantages of an industrial age that has moved on to the point where under automation can now produce goods and services to an unlimited extent.

I call upon this house to face this matter in its broader terms, to face the tremendous issue that we are up against in this day and age. It is akin to the industrial revolution brought about by the introduction of steam power. There lies ahead of us either economic

dislocation and misery if these problems are not solved, or what might be called a golden age for our people if we can see in the conditions which now face us a chance to distribute among all our people the advantages of the great wealth of goods and services we are now able to produce.

I should like to say a few words about some of the details outlined by the minister in his remarks. I refer to the detailed changes that he says will be made by this bill. First of all I am glad to note that we are to be given not just a bill to amend the act here and there, but rather a complete consolidation of the act. So many changes have been made since 1940 that it is desirable there should be a new act with all the legislation in one place.

We welcome the increase in the benefits. Also, I think it is a good move that the contributions and benefits are to be on a weekly rather than a daily basis. Likewise I think it is a good move that the amount which a person on unemployment insurance benefits can earn is being put on a weekly rather than a daily basis. Most of us know of many cases where there seemed to be unfairness because of the application of this provision.

I welcome the fact that the minimum number of weeks for which benefits may be drawn is to be increased from 6 to 15, but there is a question in my mind regarding the reduction of the maximum from 51 to 30 weeks. I shall not press the point now, but I will wait until there is a chance for questions to be answered. However, that does seem to be quite a substantial reduction. The minister has pointed out that by the addition of 15 weeks of supplementary benefits the 30 weeks could become 45, but if I correctly understood what he said it would seem that that would follow only if the 15 weeks came in a period of the year when supplementary benefits are payable. That being the case, it seems to me that we are going to have to look into that question, either in committee of the whole when dealing with the resolution or when the bill is before the standing committee on industrial relations.

I want to join with the hon. member for Hamilton West in urging that something yet be done about the discrimination against married women. She pointed out correctly that this did not come into effect in 1950. As hon. members will recall, when an amendment was made to the act in February, 1950, there were a number of provisions in the bill that we had been crying for at the time, but some that we had not asked for were also tucked in. Some of them, if I may say so, turned out to be "jokers". Some were provisions the significance of which we did not really grasp at the time. One was an amendment to the act making it possible for the commission to pass regulations dealing particularly with married women. It was under that provision which was put through the house in February, 1950, that later all the damage was done by regulation 5A. I recognize, because I have had the opportunity of discussing the matter with—

The Deputy Chairman: Order. I am sorry but I am afraid I must advise the hon. member that he has exceeded his 40 minutes.

Mr. Knowles: All right, Mr. Chairman, I shall sit down and come back at it later. The minister knows what I think on that as well as on the other points that have been raised. Such improvements as are forecast by this resolution are welcome; but as the Minister of National Health and Welfare said in 1940, there is a long way to go yet in dealing with this tremendous problem of unemployment.

Mr. Low: Mr. Chairman, in my first words I would like to compliment the minister for doing something I had hoped a great many other ministers might have done when they were delivering complicated statements preceding the introduction of bills in this house. I received from the minister an advance copy of what he was going to say, so while he gave his statement I was able to follow it page by page and mark those passages which should receive emphasis and which I should stow away in my mind. I think it is an excellent idea, and I express the hope that some of the minister's colleagues will follow his example when making statements in the house in future, particularly with reference to technical legislation of the kind we are now considering.

I am always grateful—and I am sure I speak for my colleagues—when I see the government bring in improvements to existing laws, particularly those laws which have to do with human welfare. It may be argued, of course, that all laws are of that nature, but I will pinpoint it a little more specifically by saying legislation concerning social welfare, providing the laws are based on sound principles.

The bill that is to be introduced after this resolution has been approved promises to be one which will make a number of commendable improvements in the unemployment insurance law. I was not here when the act was passed by this house in 1940, but if I had been here I feel sure that I would have supported it. I was at that time in the Alberta legislature, and I there supported the granting of provincial consent which was required before the present federal act could be passed by this parliament and made law.

For this reason I say I am quite certain I would have supported the act, perhaps making some criticisms of it. However, the Social Credit group in this house did support the bill in 1940, and we support it now.

Over the years we have felt that changing conditions and a broader understanding of the problem have made changes in the first legislation most necessary. We have felt all along that unemployment insurance is not enough by itself to provide what the hon. member for Winnipeg North Centre referred to as insurance against unemployment. I believe that my colleagues in the house pointed out that fact in 1940 when the Unemployment Insurance Act was being considered. We have always been most concerned about changes in our whole economic policy that would be effective insurance against unemployment.

When I see unemployment insurance legislation brought into this house at any time, whether or not it is designed to improve the existing law, I feel that the government is demonstrating a lack of faith in its own economic policies. Unemployment insurance, Mr. Chairman, is simply a pair of crutches to me, rather than a good healthy body. We would prefer, of course, to see a sound condition in the economic policies which would make it possible for us to get along without crutches. I think everybody would agree with this. We are glad, however, that the unemployment insurance legislation is on the books, and we say so because the government is not living up to the promises it made to the people.

In 1945, when I took part in my first election in the federal field, billboards from one end of the country to the other were plastered with huge signs that promised jobs for everyone if the people would vote Liberal. I think everyone in this house remembers that slogan; if the people would only vote Liberal there would be jobs for everyone. Well, the people did vote Liberal in 1945, in 1949 and again in 1953, and I ask you to seriously consider whether or not they got what they were promised. I do not have to make accusations; my hon. friends on the other side of the house, if they will just think about it honestly, will realize that the people did not get what they were promised.

What did they get? Unemployment insurance. That does not provide insurance against unemployment at all but is merely a palliative to bolster up an ailing economic structure. Whenever you see such legislation placed on the books or being used it is a sign of economic illness. What we are considering today is a medicine which the government hopes will cure the ailment. We have not been given a prescription telling us how to build a sound, healthy body. It is unfortunate that we do have unemployment developing. Of course it is fortunate that we have an unemployment insurance program to help in some measure at least when unemployment presents itself, and so we welcome the changes and improvements promised in the legislation which is to follow this resolution.

My hon. friend from Winnipeg North Centre mentioned the necessity of facing up to the situation particularly in regard to the requirement of labour generally for an annual wage. I think he referred to a guaranteed annual wage. I believe, Mr. Chairman, that this country must soon face up to the question of a guaranteed annual wage, because it is going to become a most important issue much sooner than is thought by many people. I believe we have to give it serious consideration and think the matter through, rather than being guided solely by our emotions in respect to it.

I do not know just how in the world those who are promoting the idea of a guaranteed annual wage think it can be paid without a serious increase in the cost of production. I cannot quite follow how they propose it can be done without creating a serious increase in the cost of production which will have to be borne by a comparatively small proportion of the population of the country for the benefit of others. If the guaranteed annual wage program could achieve benefits across the board for the whole of the Canadian population and guarantee them some stability of income, then I could quite understand how everyone with a heart and a social conscience could go for it.

Mr. Knowles: Did you not regard your national dividend as of benefit to everyone?

Mr. Low: Oh, definitely, but what I am getting at is this. No one has yet put forward a proposal with respect to a guaranteed annual wage that takes the weight off the single industry in which the people are engaged who are to get the guarantee. That is the trouble. That is why it is so vastly different from the proposals we have made with regard to a national dividend.

Here is the next important point. A guaranteed annual wage program does not do anything but cause a redistribution of wealth which, if carried to its extreme, would reduce everybody to the same level of poverty. It does not increase by one red cent the purchasing power available to the people of the country. If we are to guarantee the workers of our country an annual income—something I am all in favour of—it seems to me that what we must have is a program that goes

far deeper than merely a redistribution of the insufficient purchasing power that is at present in existence. That is why we are asking that this whole matter be clarified most carefully. We are not taking our stand against it for the moment, but we are giving it study.

I warn members of the committee that within the next few months they are going to be obliged to face up to this whole matter of a guaranteed annual wage as a solution for what my friend the hon. member for Winnipeg North Centre describes as the serious situation in which many workers find themselves today where they are asked to be on call for employment when the employers in the industries need them, but to be content to remain without income for the balance of the year. That is the problem and we shall have to face it. But whether the guaranteed annual wage is the answer I certainly am not prepared to say.

The unemployment insurance program, amendments to which we are considering today, is a technique which is based on redistribution of wealth as a means of stabilizing our economy. We in the Social Credit group supported the original unemployment insurance program because we realized that it would go to a certain extent, at any rate, in providing stability for an economy. It seems clear that the experience over the years would indicate that some redistribution of wealth is necessary if it is moderately applied. But as I have already pointed out, to carry it too far would not bolster up an ailing economy but would actually tend to destroy it by its own weight, and that is the kind of thing we must be careful about.

I think our experience over a period of 14 years shows that redistribution by itself does not go far toward stabilization. If it did we would not be having the trouble we are having today with unemployment. All the things that have been introduced into our economy since the end of the war in 1945 have not gone too far toward stabilizing the economy. Most of the measures have been based on the redistribution of wealth already in existence. Our experience with them should have proved by now that what we must find is some more fundamental solution that may take into consideration a certain amount of redistribution of wealth, but based upon the important principle that when we go all out and produce the abundance that we can produce in this country, we must have a means of distributing that wealth so our people can use it.

We must develop the local market, because this Canadian market is by far the most important one we have for the goods we can produce. We must introduce measures that will make it possible for the consumers in this country to buy and use the goods we can produce. Otherwise we are going to get ourselves constantly into trade difficulties, unemployment difficulties and all manner of other difficulties.

We must get down to much more fundamental principles than merely the superficial redistribution of wealth. Redistribution of purchasing power is what it really becomes. When there is not enough of it, what good does it do in the long run merely to redistribute it? Let us see that there is enough in the first place so that our production can be bought and used by our people if they want it. Then if it becomes necessary to do some redistributing, let us do it on that modest scale that will not destroy our economy and press it down under the sheer weight of a thing that is superficial and impossible.

Since this legislation is to be referred to the standing committee on industrial relations it is not necessary for me to go into detail with respect to the proposals outlined by the minister in his admirable statement today. I merely say that we reserve our opinion on some of these specific matters—in fact, on all of them—until the bill is brought in and we have had a chance to study it in committee. Suffice it to say at the moment that we are glad to see these amendments being brought in. We compliment the minister on his forethought. I think he has gone a long way to improve this act. We shall give him support on every one of those provisions in the bill that we find to be good.

Mr. McMillan: Mr. Chairman, this resolution proposing the amendment of the Unemployment Insurance Act supersedes a notice of motion that appears on the order paper today under my name but which I intend later to ask to have withdrawn. It reads as follows:

> That, in the opinion of this house, the government should consider the advisability of amending the Unemployment Insurance Act so as to increase the regular and supplementary benefits to single and married unemployed workers.

In the Welland area there is a good deal of heavy industry, and over the last year and a half or more there has been considerable unemployment. Such highly responsible people as the heads of municipalities, heads of labour unions and others have made representations to me as to the inadequacy of the payments under the Unemployment Insurance Act. From going about among the unemployed in the practice of medicine, I would say that my observations bear out the fairness of these representations.

I should like to thank the Minister of Labour who, on behalf of the government, earlier this year introduced the amendment by which the supplementary benefits, now called seasonal benefits, were increased. This amendment has already become law and these increased payments are helping many unemployed employables get through the winter months when it is difficult to obtain employment. These further proposed revisions of the act will tend to simplify it. Many features of the act were difficult to understand, and I would think anybody who tried to figure them out would find that. Calculations were involved, and some who drew benefits were never convinced that they received their fair share of those benefits.

I am glad to know also that it will be easier to qualify under the act, and that some who have been in the labour force a shorter time than heretofore will qualify when they are not employed.

As under the present arrangement, workers are put into different categories in accordance with their weekly earnings. Contributions and benefits bear a much more direct relationship to the different ranges of earnings, and there is an increase of benefits mostly in the upper and lower income groups. I was glad to hear the minister say that no worker would lose any equity in the fund.

I notice that in the lower and upper income groups, for example, the benefits are increased by 25 per cent. It is proposed that these benefits should be paid for a maximum of 30 weeks. I saw figures some time ago which indicated that 90 per cent of all claimants drew benefits for 20 weeks or less. The 30 weeks' duration of payment of benefits would cover a very high percentage. I think the minister said today it would cover 95 per cent. A certain number of those falling within the small percentage of cases where 30 weeks was not a sufficient period of time would get supplementary benefits. It is pretty hard to figure how the supplementary benefits would work out, but I understand that in any 12-month period it is possible for workmen to draw up to 45 weeks' benefits.

I realize that the main principles are laid down in the legislation and that the commission will have power to make regulations to deal with procedures and details of administration. I hope these regulations will be sufficiently generous to include some of the borderline cases where it has been impossible to qualify under the act. I realize that most Canadians prefer gainful employment to idleness and drawing unemployment insurance. I also realize that unemployment as such does not come within the scope of discussion of these amendments.

The Unemployment Insurance Act has proven to be excellent legislation and is suitably adapted to the purpose for which it was intended, but like most legislation it needs to be amended from time to time to meet the needs of our people. It helps the workman to bridge the gap between periods of employment. This is of great benefit to the community in which he lives because he can continue to buy the necessities of life, thus helping the economy not only of his own community but of Canada as a whole.

I find many misconceptions in the minds of the people about the act. Many are of the opinion that only the workmen contribute to the fund and that the government contributes nothing, when in fact the government contributes 20 per cent and the employers and employees 40 per cent each. The government administers the fund through the Department of Labour, and when this cost is taken into consideration we find that the government actually contributes about one-third and the other two-thirds is shared equally between the employers and employees. I presume the same ratio will be closely approximated under these new amendments.

From observation I would say that the benefits have worked well in cases of short periods of unemployment, but when these periods have exceeded two months most of the unemployed have found it difficult to make ends meet. As I said before, the new schedule of unemployment benefits bears a more definite relationship to earnings, and for most ranges of pay the benefits are definitely and substantially increased. This will be of great assistance in helping the eligible unemployed to meet the ordinary costs of living.

When a worker has used up his benefit days it has often been difficult for him to qualify for the winter supplementary benefits under the act, either because he has been unable to obtain work or when he has obtained work it has been in non-insurable employment such as agriculture. As an example, such employment as temporary work on a farm, the picking of fruit in the early and late summer months, has aided the worker in keeping his family during these months but has failed to build up any benefit days which might help him to qualify for seasonal benefits during the winter months. I know it would be most difficult to include all lines of work and class them as insurable, but I cannot help think that a worker doing any such worth-while work is contributing as fully to the economy of Canada as if employed in insurable work.

The maximum benefit paid to a married man at the present time is $24 a week, and

this is to be increased to $30 a week. A family had great difficulty in getting by on the $24 because of certain fixed charges they had to meet. First of all there is housing. Rents are high, and whether the worker pays rent or monthly payments toward mortgage retirement, taxes and insurance, it takes quite a sizeable amount from his $24 a week.

Then there are fixed and often increasing amounts to pay for services such as water and light. In Ontario, for example, the hydro-electric power commission has increased the cost of hydro power because of expansion and frequency change-over. Then we have the fixed costs for heating. I realize of course that in the case of families with children they are greatly assisted by family allowances made available by the government, but these amounts are often used entirely to meet the extra costs incidental to children attending school such as the buying of books, extra clothing, etc.

The point is that when the family budget is tight the amount available for the purchase of food is inevitably cut down. I am free to admit that some of the more inexpensive foods are more healthful and nutritious. On the other hand we must see that our people, and especially our children, have a well-balanced, nutritious diet for maximum health.

There are certain aspects of unemployment where the unemployment benefits do not meet all the needs of the family. In most provinces—and this is true in Ontario—medical and hospital insurance soon lapses and any sickness in the worker's family requiring hospitalization means that the municipality and the province must assume the cost. These costs have been going up markedly in the last year or two in certain areas of unemployment.

Then we have the problem of older workers, and by "older workers" I mean those beyond 40 or 45 years of age who find it difficult to get insurable employment. Because of the pension plans in various plants it is not economical to give employment to men over these ages. Many of these pension plans have been in operation a comparatively short time, with the result that those who have retired or are now retiring are receiving comparatively small pensions. I am convinced that it is wrong to retire anyone because he has reached a certain chronological age, whether in government or in industry. Those who are unfit retire of necessity, while the others who are fit and well able to carry on would be much happier and more contented if they were allowed to work beyond a certain arbitrary retiring age.

I have observed many of these people. Some of them whose main interest in life was their work develop a moroseness, a sort of chronic mental illness which is soon followed by a physical breakdown. We should remember that some of the best contributions to the welfare of mankind have been made by those who have reached an age beyond our arbitrary retiring ages. Certainly I have seen many good workmen who were more than 60 or 65 years of age. In that regard, it should be noted that in some plants the retiring age is as low as 60. Our high standards of living and advancements in medical science are responsible for gradually increasing the proportion of the older age groups in our population; and unless we keep them productive we are creating a social problem. This means that we have an ever-increasing number of people living off our working class who, after all, create our wealth and pay the bulk of our taxes.

It should be within our ingenuity to devise ways and means of enabling these older workers to continue at work if they wish and can do so. In this way we would be helping the economy of our country and the mental outlook of these people. The real victims and sufferers in a state of unemployment are those able-bodied workers who, for one reason or another, are not eligible for any unemployment insurance. We have help for those who are unable to work but no organized public assistance for those we class as the employable unemployed.

This is the one serious gap in our social security services, and it has existed since 1940, since the enactment of the Unemployment Insurance Act. The provinces for the most part ceased to contribute to the cost of municipal relief, except for the unemployable persons.

In Canada, because of our climate, I think we are bound always to have some seasonal unemployment. I think, too, that in our free enterprise system—in fact in any system—it would be impossible always to eliminate the ups and downs in employment. Part of our economy, indeed part of the economy under any system, depends upon world commerce; and this will vary with the vagaries of nature, the scarcity and abundance of crops.

I am much in favour of the changes set out in this legislation—these increased payments—and I think they will be well received. I do think, if I had any criticism of the bill, that the payments in relation to the seasonal benefits are too rigid. April 15 is close at hand, and we are bound to have considerable unemployment when these benefits are terminated. I would like to see power given to the governor in council to extend the seasonal benefits for a limited time, when conditions warrant.

Tomorrow night the Minister of Finance will present his first budget and I am sure many hon. members, like myself, hope for certain changes. Whether we get our wishes or not I feel he will bring in a budget consistent with good government and our obligations in this uncertain world, and at the same time try to cut down the need for unemployment insurance. In this we wish him every success.

Mr. Hees: Mr. Chairman, I was greatly worried when the minister spoke a little while ago, because I thought we were going to have an accident. I thought he was going to break his wrist patting the government on the back for its activities in connection with unemployment insurance.

One would have thought, Mr. Chairman, that this unemployment insurance was the gift of the government to those who are unemployed. There has been no recognition of the fact that the employee contributes 40 per cent and the employer 40 per cent, and that the government's contribution is only 20 per cent. Listening to the minister, one would have thought nothing had ever been done by way of unemployment insurance, outside of what this government has done.

I was very pleased indeed to hear the charming member for Hamilton West in her own inimitable fashion set the government right on this question as to who introduced unemployment insurance. It was the Conservative party. And who was it that killed it successfully for six years? It was the Liberal party. It was good to hear the truth come out at last because, as we know, truth will out; and I am glad it did.

Hearing the minister speak on behalf of the government and tell about the wonderful things he imagined they had done in this field, I was reminded of a story about a Texan who went out to Australia. You know, in Texas they claim everything is bigger and better, just as this government claim things are bigger and better under a government of the Liberal party, and just as the government claim that anything worth while that has been done has always been done bigger and better by them. Well, this fellow went out to Australia and was being shown around a sheep ranch. Things are really big out in Australia but no matter what he was shown he would say, "Oh, buddy, that ain't nothin'. It's bigger and better in Texas." Finally the chap who was showing the Texan around was getting a little fed up when, just at that moment, a kangaroo went whizzing by, nearly knocking the Texan down. He jumped back and said, "My Lord, what was that?" The fellow from Australia said, "Oh, don't you have grasshoppers in Texas?"

That is exactly the kind of thing that happens here. We hear it said by those who support the government that nothing ever happens that the Liberal party did not introduce. Of course the Liberal government need not get mixed up about what a kangaroo looks like, because they have Jumping Jack with them every day. He is right there before their very eyes.

Mr. Weir: When do we laugh?

Mr. Hees: Everybody else has.

This act is certainly a great improvement for those who are entitled to unemployment insurance benefits, but what I want to know is what is going to happen to those tens of thousands of people who on April 16 find themselves with no jobs and no unemployment insurance; with no entitlement and no benefits, either regular or supplementary.

When unemployment insurance was debated earlier in the session, the minister and the government assured us that by April 15 everything would be in good shape, and there would be no unemployment. When I asked the minister about it he said, "Oh, well, there will be very little unemployment at that time", and just passed it off in that way.

Well, Mr. Chairman, we all know that unemployment has not decreased, because the last figure was greater than the one before, and I should think the next one will be even greater still. As the hon. member for Welland has just said, April 16 is close at hand, and there will be a great number of people out of jobs and with no entitlement at that time. After that date, great numbers will be going to unemployment insurance offices; but they will simply be told, "Sorry, chum; there is nothing for you. After all, you have to remember that there really is no unemployment. The minister has said that it is only 'seasonal and regional'. Therefore we cannot give you any unemployment insurance."

So he will go home to his wife and say, "Sorry, dear; I can't give you any money to buy food and clothing. We can't get coal or pay the doctor's bill because, after all, the government says unemployment is only seasonal and regional, and there is nothing to worry about." And those people are going to get hungrier and colder and wetter and sicker; but so far as the government is concerned, it will not bother in the slightest degree because, after all, "This thing really is not unemployment", they say; "this is just something that is a passing phase."

The government think there are not enough people involved to embarrass them at election time. Therefore they are perfectly happy to cut these people off without even

a thought, and leave them alone to figure out some way of paying their bills and buying food and clothing. I ask the minister and the government to view this matter from a humanitarian point of view, not just from that of dollars and cents; of columns of figures; or of lists of voters at election time. This is something which involves human life and human suffering. Today there are more than half a million people unemployed. We have 12 days to go to April 16. There are going to be just about as many unemployed at that time. Tens of thousands will have their unemployment benefits cut off at that time. Human suffering in this country is going to increase many times because of the action the government plans to take.

I urge the minister, solemnly and earnestly, to reconsider the decision to cut off unemployment supplementary benefits on April 15. As the hon. member for Hamilton West urged when this matter came up earlier in the session, these supplementary benefits should be extended to at least May 15. In view of the fact that unemployment has not decreased, that the figures are getting higher every month—we have had the second postwar peak in succession—it is obvious that there is going to be great human suffering if the government carries out its present plan. I urge the minister to reconsider. I hope before this resolution passes he will tell us that the government intends to do that, and in addition to extend the supplementary benefits to at least May 15.

I would ask the government seriously to consider starting these benefits again about November 1 if unemployment again appears to pose a serious threat, as it did last fall. If it appears next fall that unemployment will approach serious dimensions I ask the minister to look at this thing from the humanitarian point of view, and to realize that human suffering cannot be allowed to exist in the proportions in which it will exist after April 15 if something is not done.

Mr. Gregg: In view of what my hon. friend has said may I ask him whether he believes that this fund should remain actuarially sound or whether it should be converted into a relief measure, which is inherent in what he said a moment ago?

Mr. Hees: If—

Mr. Gregg: It is very important.

Mr. Hees: It is extremely important.

Mr. Weir: As a businessman, what would you say?

Mr. Hees: Right at this moment we have almost a billion dollar surplus in this fund.

Mr. Sinclair: Surplus or reserve?

[Mr. Hees.]

Mr. Hees: One or the other; it is there. It is money that has been put in, 40 per cent by the employer and 40 per cent by the employee. It is there, ready to be used to meet this very great need. I say that at the present time the government should extend supplementary benefits to at least May 15, and if necessary longer than that. When this government calls together the conference on April 26 to discuss the agenda for a later dominion-provincial conference, it should discuss with the provinces the basis on which relief that is necessary in the future should be shared by the dominion, the provinces, and the municipalities.

I have suggested that we go back to the 40-40-20 basis that was used between 1939 and 1941, and work out a proposition with the provinces so that when people are unemployed through no fault of their own, and find that they have no entitlement to unemployment insurance benefits, they do not suffer actual hardship in the form of hunger, cold, lack of clothing and lack of shelter. That is my suggestion to the minister and to the government.

Mr. Brown (Essex West): I have no intention of drawing the fire of the hon. member for Hamilton West, because I certainly am not anxious to have the wrath of my charming and vivacious friend, as she has been termed, brought upon myself.

The government should be commended for the procedure taken in bringing in these amendments to a worthy act. It was most generous of the minister to refer in such a kindly way to my predecessor, the late Hon. Norman McLarty, who did a great deal to see that the original act was brought into effect. Hon. Norman McLarty represented the constituency of Essex West from 1935 to 1945 when, because of ill health, he had to withdraw.

The history of the Unemployment Insurance Act has been put on the record by the hon. member for Winnipeg North Centre, and that record, of course, will speak for itself. At this time I do not think that history is of too much importance except from the purely partisan point of view, particularly as to who did or did not do certain things at certain times. We are very grateful that we have this act, and we trust that it will continue in effect and that beneficial improvements will be made to it from time to time.

The constituency of Essex West, which I represent, is composed chiefly of the city of Windsor and one suburban township, and is very much interested in this bill. In that area we are a sort of mecca or focal point for labour. Labour is drawn to that area

by high wages. That high wage rate has been in effect for some time, and we have had ever-rising rates for many years. Then we are in close proximity to the city of Detroit, which is a large industrial United States city. In fact the city of Detroit, as I have so often said in this house, is on three sides of the constituency which I represent.

In the city of Windsor and within a radius of 50 miles, we have 2,500,000 people or more. There is a very high wage rate in that area and a very highly industrialized population. The climatic conditions of that area are easier and less rigorous than in other parts of Canada, with the result that a great many labour people throughout Canada are most anxious to live in my constituency or in close proximity to it, or generally in that part of the country. However, it does present problems to the municipalities. Apart from industrial strife and pointing the way to industrial improvements throughout the whole country, there are problems caused by the influx of labour. These are felt very much by the municipal authorities, and confront them day by day.

If I may quote a few figures, in 1954 the city of Windsor, in co-operation with the province of Ontario, appropriated $193,273 for relief purposes. Of course that was under provincial legislation; but it so happened that in that year moneys in the amount of $250,069.82 were spent, leaving a deficit of $56,796.82. The policy of the city of Windsor has been to assist heads of families, and heads of families alone, where there is dire need. Of course if a person is an unemployed employable and has exhausted his benefits under the Unemployment Insurance Act the city does what it can to find him a job and assist his family. But they assist merely in the way of providing the bare necessities of food and fuel.

In 1954 there was paid out by the city of Windsor a total of $40,768.74 for which they had appropriated $10,000, leaving a deficit of some $30,768.74. Therefore we are most grateful for the operations of the Unemployment Insurance Act, when we stop to consider that at times there have been some 11,000 or 12,000 people registered as unemployed in our local office.

The community welfare council of Windsor has been studying this matter and has made recommendations to the minister. I noted that the minister stated that the benefits under the act are to be increased. The welfare council has recommended that they be increased to $35 a week for married men and $24 a week for single men. I think an increase of 25 per cent is most generous, and will go a long way in solving some of the problems and reducing the fear which besets a great many people.

We must realize at all times that the purpose of the Unemployment Insurance Act is to relieve the fear of unemployment. It is insurance against unemployment, just the same as the fire insurance we place on a house we may own. We pay our premiums and we know exactly what we are going to get if the property should be totally destroyed by fire. This is not a dole; this is not a subsidy for employment; we must keep constantly in mind that it is insurance which we have paid for and that the benefits are ours by right.

Generally speaking the labour unions and industry in my community are most anxious that there be an increase. Times have changed since 1940, when the act was first brought in. At that time the cost of living was not so high but wages also were not so high. The dollar of that time would probably be worth something like 60 cents today. So the unions and industry are united, I believe, in requesting that there be an increased contribution by both which would result in higher benefits to the unemployed. I think the recommendation made by the minister of $30 per week for married men is most desirable.

We should keep in mind also that while wages have gone up considerably, the cost of living has increased. I am not sure from what the minister said just what maximum will be allowed as income and what the average contribution will be, but I am sure all this will be taken into consideration so that larger allowances may be provided.

There is great objection to the present provisions of the act in my constituency, where the principal industry is the automobile industry. An employee may be working seven days a week for a time; and then when things become slack he may go on a three-day week or have to find other employment. I think the method of making contributions under this act should be overhauled. As I remember, the minister stated that there was some thought of changing that, and I am in accord with what he had to say.

Before I conclude I should like to say just one word in connection with the point brought up by the hon. member for Winnipeg North Centre, that automation in industry is becoming more popular. I think that is a good thing. The Ford Motor Company of Canada has recently spent many millions of dollars in converting the plant at Windsor to one which is largely automatic. With the coming of automation and the bringing in of machines to do the work which man's hands have done

in the past, the worker will have to possess greater skill. That means that if the worker has not applied himself to acquiring the necessary skill his chances of being unemployed are much greater.

I urge upon all young people who are thinking of going into industry that they take advantage of the facilities provided not only by the provincial governments and the municipalities but by the federal government, which gives assistance under the vocational training plan carried on under the jurisdiction of the Minister of Labour. In this machine age, in this automatic age, in this atomic age which is coming we will need the most highly skilled technicians.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Cameron (Nanaimo): Mr. Chairman, when I read the resolution that we are now debating I was somewhat at a loss to know just how we should regard this new amendment to the Unemployment Insurance Act. A remark the minister made just before we adjourned for supper left me still in some doubt when he challenged the hon. member for Broadview as to whether he considered that the Unemployment Insurance Act was to be regarded as a relief measure, or whether he wished it to be an actuarially sound fund.

I wonder, Mr. Chairman, whether it really is or ever has been actually an actuarially sound fund—that is, a fund a professional actuary would tell us was sound—because we have had to dig into the public treasury periodically. More important still, we all know that if the necessity arises we are going to dig into it again. I suggest, Mr. Chairman, that the very fact this act is now being amended in this way is an indication that in the government's mind it is meant to do perhaps something more than the original Unemployment Insurance Act was intended to do because—mark this, Mr. Chairman—it has been brought in this year when, for the first time since 1940, the Canadian economy has taken a downward turn, the first time that unemployment has become a really serious, dangerous economic problem.

If the amendments to the act were merely designed to make it a more generous and effective measure for the relief of occasional unemployment, then one is forced to wonder just why the government did not do this last year or the year before, when the Canadian economy was in a much better position than it is now to carry this load. Therefore I suggest, Mr. Chairman, that the government itself has really not quite made up its mind what the purpose of the Unemployment Insurance Act is to be.

It may be, of course, that the government is still hoping that before the provisions of this new amendment fail to cope with the situation, the unemployment situation will have improved to the extent that we can go back to the sort of position we occupied last year and the year before. However, I have the idea that in the back of their minds they know that the machinery of the Unemployment Insurance Act may have to be used in the fairly near future for a rather different purpose than its original intention; that is, to cope with a growing problem of, if not permanent at least very long lived, unemployment.

For that reason I think the suggestion made this afternoon by my colleague the hon. member for Winnipeg North Centre is one that should merit considerable inspection on the part of the government. If they are going to use the act as a measure to deal with more or less permanent unemployment, then eventually the government will have to establish some sort of machinery that will provide an annual guaranteed wage for Canadian workers. I think that is really the point we have come to in our thinking today, and that is a very long way from what our thinking was a few years ago. We appear to have reached the point now where most people are prepared to admit that any Canadian citizen who is able and willing to work is entitled to his livelihood, and that if he cannot get his livelihood by means of employment in industry then the community as a whole has to come to the rescue. I suggest that is one of the uses to which this unemployment insurance legislation will eventually be put.

It is perfectly true, as the hon. leader of the Social Credit group said this afternoon, that a guaranteed annual wage will constitute a redistribution of wealth. I was rather puzzled and wondered just why he considered that was a much more superficial thing to do than to inflate the currency and distribute the diluted mixture—

Mr. Blackmore: He did not advocate inflating the currency; get the record straight.

Mr. Cameron (Nanaimo): Well, it is over 30 years ago, Mr. Chairman, that a friend of mine put in my hands a book by the late Major Douglas, which I studied with a great deal of care. In spite of the fact that Major Douglas is English, it left something to be desired. Aside from the fact that his economic theories had some fundamental flaws

it was perfectly obvious from reading the A plus B theorem which I studied very carefully that in the final analysis the Social Credit theory is bluntly and plainly one of inflation—

Mr. Blackmore: Reflation, not inflation; there is a difference.

Mr. Cameron (Nanaimo): Well, "flation" anyway; "re" or "in", it is "flation" anyway. The difference amounts to this, Mr. Chairman, that rather than redistribute the wealth as suggested by my hon. friend from Winnipeg North Centre, our friends to the left here would rather increase the number of tickets for the available wealth, divide those up, and hope by some mysterious means to increase the real wealth coming to each member of society. I think the redistribution of wealth as proposed by the guaranteed annual wage is something we are going to have to face very soon.

As I said the other night on the air, I consider that the present unemployment situation is fundamentally much more ominous and serious than the problem we faced during the thirties, because at that time we were faced with a broken-down economic machine. Factories were closed down, goods were not being produced, services were not being provided and in that situation there was little cause for wonder at continual and rising unemployment. But today we have a very different situation and I submit, Mr. Chairman, it is much more dangerous and ominous. It is a situation in which our economic machine is running almost at full tilt, yet we have discarded some 600,000 of our working population, have pushed them right outside the fence.

As evidence that we have done this and that the government recognizes it, we have this resolution before us tonight. That can be the only explanation. I am not quarrelling with it but I am suggesting, Mr. Chairman, that it is an inadequate means of dealing with a serious and, as far as one can see, virtually permanent situation unless we introduce something in the nature of the guaranteed annual wage with its consequent redistribution of wealth. So while I am delighted to be able to support this measure, I think it is only right that the people of Canada should not be deluded into thinking it is a serious and effective means of coping with a problem that everybody except the government recognizes is the most serious we have faced since the end of the war.

We shall, of course, examine the details of the bill when it comes before us and endeavour to have it widened a little more than it is at present. Fundamentally, however, the government eventually is going to face the necessity of finding some means of providing a means of livelihood for those who have been discarded from our productive machine due to the methods by which we produce and distribute goods.

The suggestion of the minister that this is an actuarially sound insurance fund is, in my opinion, really whistling in the dark. While it is possible to present a facade of actuarial soundness by means of putting in a little bit more from the treasury, it is really rather a clumsy method of using this machinery to cope with a problem that this legislation was never intended to cope with.

I hope the government is not going to be satisfied to rest on its oars—and small oars they are; they are hardly more than little paddles—with what they produce in this resolution, but will start to cope with this problem that is going to cause the Minister of Labour continual and increasing headaches in the months to come.

Mr. Philpott: Mr. Chairman, I am not going to yield to the temptation tonight to get into a debate about Social Credit. I am saving my speech on Social Credit for a more suitable occasion. I am afraid that if anybody mentioned Social Credit too much we would have my good friend the hon. member for Lethbridge keeping us here all night and we would never get any Easter holidays.

Mr. Blackmore: Right you are.

Mr. Johnston (Bow River): We still rise at ten o'clock.

Mr. Philpott: I am a bit sorry that the hon. member for Hamilton West is not in her seat at the moment. If she were I think I might have some remarks to make about the historical background of unemployment insurance. The first time I aspired to parliamentary office was in the constituency of Hamilton West in the year 1931. Believe me, just to espouse unemployment insurance, as I then did, was to be considered extremely radical indeed or even red.

I am also a bit sorry that the hon. member for Broadview is not in his seat, because when I heard him speak today, weeping such copious tears with a smile from ear to ear, I could not help thinking of the song by that fellow who used to sing over the radio. You could not tell whether he was crying or laughing. The words of the song—I wept at your wedding—were to this effect: Your father was crying, your mother was crying and I was crying, too; and it ends up in a great burst of laughter.

Tonight for a few moments I want to deal with some of the serious points having to do

with the unemployment insurance picture. Of all the social welfare measures that have been introduced in Canada in the past generation I think this is probably the most useful one to the most people. It has been a tremendous success. All the calculations on which it was based have been proved by experience to be too conservative. We had a longer period of sustained prosperity than even the most optimistic experts had predicted. The result is that today we have in the fund a reserve, a surplus or whatever you want to call it, which is much greater than any of the statisticians could have calculated in advance.

I am heartily in support of the minister's proposal to increase the benefits. I think certain other improvements in this act could be considered as time goes on. I for one have never been able to see the justice or the common sense of striking off the rolls at the time she becomes pregnant a married woman who is employed and needs employment. I think one of the changes we could consider in the act—if not now, certainly in future years—is to provide that where a woman is working and needs work, her benefits should be allowed during her period of pregnancy just as they would be allowed for any other type of involuntary unemployment.

Tonight for a minute or two I want to speak about what seems to me the greatest weakness in our whole unemployment compensation system in Canada. This name, of course, as we all realize, is a misnomer. As the hon. member for Peace River, the leader of the Social Credit group, pointed out today this is not really unemployment insurance; it is unemployment compensation. Of course we all know that this government would not survive and—if we want to take a long-range view—for that matter the whole western system of democracy as we now have it certainly would not survive unless this problem of chronic and large-scale unemployment were solved. I think we can all take that statement for granted, and no one has ever said it better or more to the point than did our Prime Minister who sits on our front benches today.

An hon. Member: What is he going to do?

Mr. Philpott: We will know partly what he is going to do tomorrow night, when the budget comes down, because that will be the first instalment.

Tonight I am going to talk about what seems to me to be really the greatest weakness in our unemployment compensation system in Canada today, and it is this. Those who need unemployment compensation most have no coverage whatsoever. I thought the hon. member for Winnipeg North Centre made a most important and, I may say, surprising revelation today when he was quoting and trying to score a point against the Minister of National Health and Welfare, when he read those quotations from the speeches and the letters of the late prime minister, William Lyon Mackenzie King.

The hon. member for Winnipeg North Centre pointed out that the prime minister of the day in 1940 had written to all of the provinces individually telling them that he was sure the Unemployment Insurance Act that was then being instituted would greatly reduce their burden of relief for the unemployed. I was just sorry that the hon. member for Winnipeg North Centre had not brought that fact out a few weeks earlier, because for weeks and even months past we have heard ad nauseam the contention that the total responsibility rests with the federal government.

An hon. Member: Does it not?

Mr. Philpott: The constitutional position now is that the legal responsibility for the care of unemployed employables who are not entitled to any unemployment compensation definitely rests with the provinces.

Mr. Regier: You know better than that.

Mr. Philpott: I for one wish to urge that at the dominion-provincial conference of this year we eliminate this greatest weak spot in our whole unemployment compensation system. Tonight I am not going to venture to suggest how these unemployed employables could be covered but I urge every government in Canada—not only the federal government but every provincial government—to bring this subject to a decision, to quit this business of passing the responsibility from one to another, to come to a firm decision so that never again at any time in the future could there be any doubt as to what happens; so that everybody in this great Dominion of Canada may be sure that he does not have either to starve or to steal.

The least we can do in times of temporary unemployment, even as serious as we have had this winter and last winter, is to see that everybody in Canada who is not covered by regular unemployment insurance, as set up in this act which is now being made more generous, gets adequate assistance on an agreed in advance formula that shares the burden fairly among the dominion, the provinces and the municipalities, so that never again shall any unemployed man or woman in this whole Dominion of Canada have to go around from pillar to post wondering where his or her livelihood is to come from the next day or week.

Mr. Hamilton (York West): Mr. Chairman, I do not feel at all qualified to talk about

the technical aspects of the proposed changes in this act. As a matter of fact I feel that few are in that happy position. On the other hand, there are few who have not been affected in some way or other by this legislation in the last 14 or 15 years.

First of all, though I do not think hon. members to your right, Mr. Chairman, would wish it, I think we should dispel the growing feeling among the public that the changes suggested by the minister are going to be the answer to the very serious unemployment problem which faces us. I certainly get the feeling that the propaganda machine has been hard at work. I listened to the radio last night, and I am sure the newscast I heard would lead the unemployed to believe that parliament was embarking today on a program that would end unemployment forthwith.

Of course nothing could be further from the truth. First, it would seem that those whose need is greatest can expect little help. Those whose needs are less, and I admit there are few who need less and not more, those whose earnings might have allowed them to accumulate some savings, will gain more. I do think the major changes might have been directed toward helping those whose needs are greatest.

In addition, I agree with the hon. member for Hamilton West that we should strenuously oppose restrictions on the rights of those who qualify for retirement under the age rulings in effect in certain industries, and who at present receive benefits for a period of 51 weeks. It is a wonderful help in the stress of transition for older workers. It enables them to adjust to a new setting, to get that cottage in the country, and personally I know of several who have done so. It enables them to settle down without drastic financial shock in moving from a good paying job to a nominal and sometimes inadequate pension.

I realize that unemployment benefits are in no way to be considered as a pension, nor should they be because as far as these people are concerned in nine cases out of ten the national employment service is unable to place older workers who retire at 65 and sometimes at 60. It should be remembered that these older workers cannot get the old age pension until they are 70 years of age. I definitely believe that there should be no cutting down of the 51-week benefit period for this class of recipients. We should be striving with all our power to make the declining years of our elders as pleasant and comfortable as possible.

Another point causes me some concern. It has to do with the requalification requirements. With conditions as they are this spring, I think it can be a very serious matter. I understand that a claimant will have to acquire credit for eight additional weeks in insurable employment since the commencement of his previous benefit year, must have at least 30 contribution weeks in the previous two years, and that contribution weeks more than a year old at the time of a subsequent claim cannot be used a second time to qualify either for rate or duration.

This requirement may have a very serious effect this year. It appears that we may carry a large group of unemployed right through the summer. If improvement is not noted soon, and it is a very big "if", there may be countless unemployed who will be unable to get eight weeks' credit before another autumn slack period closes down on them again. What then? They are out of luck, no matter how long they and their employers may have been contributing to this plan.

That brings me to my final point. It appears that anxiety to maintain individual equities in this scheme makes the whole program of restricted benefit. I think ordinary employers and employees have an entirely different conception of the function of the act than the technicians who draft the legislation. The ordinary layman, whether he be employer or employee, has provided the hard-earned dollars that have gone into the scheme, and it is mostly their money and not the government's. They have provided the money thinking that while they are working they are providing for those who are not, and securing their own future, feeling that if misfortune should strike them someone else will be working to provide for their help. That is, I believe, the basic thinking behind the ordinary insurance scheme, but not so here.

In order to provide effective relief I believe we will have to shake off the shackles of the individual equity requirements. The fund has plenty of money in it. I do not think it is necessary to provide additional help from the public purse, but the fund must be made an effective instrument in order that all those who need help may get it. If we do not make it so, then I think both employer and employee can allege that their money has been taken from them under false pretences.

Mr. Gillis: Mr. Chairman, I listened with a great deal of interest to the minister this afternoon when he outlined the proposed amendments to the act. Ordinarily on a resolution like this we would not try to go into the details of the legislation, but in this instance we have before us the statement of the minister. He opened up the act pretty wide and went into many of its ramifications.

I suppose it is a good thing to do it at this time because we will be recessing in a couple of days, and the minister probably wanted to give members an opportunity to discuss the matter fully before leaving.

I also listened to many of the other speeches. When the act was passed in 1940 I was a member of the house and I had the pleasure of taking part in the discussions, criticizing and trying to bring about certain amendments. I remember quite well the effort put forth by chambers of commerce, boards of trade, trust companies and others in this country. They put on a lobby in and around the house to prevent the passage of the Unemployment Insurance Act at that time. I remember many people coming to me and, mind you, these were the representatives of the captains of industry who have unemployment on their hands today. They did not want the act passed. They did not want the national employment agencies, and they do not want them now. I have no illusions about where these people stand so far as legislation of this kind is concerned.

Opposition at that time came from many directions. I remember some of those people saying to me that it was not the time to do it. It never is the time to pass social security legislation. They said that we were entering a war, that the financing of that war was going to be a terrific problem to the Canadian people, and this type of legislation would bankrupt the country.

I think the government, particularly the prime minister, showed a good deal of good judgment and courage when the act was introduced. The attitude taken was that if there was any time to embark upon legislation of this kind, that was the time to do it—during the war—because there would be full employment. We know there never is unemployment during wartime. It was felt that the war would last for some time and everybody would be working and contributing to the fund, so that it could be built up to serve as a kind of shock absorber when the war was over. Well, that is what happened.

As the minister indicated this afternoon, there is in the fund at the present time over $900 million, and about $1 billion has been paid out in benefits. It seems to me this is a pretty good illustration of the soundness of the economic and social judgment of those who were responsible for the Unemployment Insurance Act. It worked, despite the prophecies of bankruptcy that were made at the time.

I listened to the minister's outline of what he proposes to do and, so far as it goes, I can see nothing wrong with it. He is going to lift the rates from $24 to $30 for recipients with dependents, and he will step up the rate of $17.10 to $23 for those without dependents. That is all very fine for those who have benefit rights. If one is unemployed and has the right to receive benefits, then he will profit by this change. But I would remind the minister that those who need help at this time are the thousands of people across Canada, some of whom have been unemployed for the last two years, who have exhausted their rights to regular and supplementary benefits. They find themselves outside, and they have nowhere to turn.

I suggest to the minister that in some sections of the country there is unemployment to the extent of 100 per cent, and that the industries that formerly employed these people are no longer operating. This is true in many of the textile centres, and it is also true in several coal sections of Nova Scotia. These are the people for whom I thought the minister would do something when amending the act.

While I agree with these increased payments, I say those persons who are not getting anything are the ones who should have received first consideration. The difference between $24 and $30 is not going to make anyone rich. If a man has a family it will not put much more food in his house. If benefits, even to the extent of $24, had been extended to persons in that position until they were gainfully employed again, at least it would have put something into their homes and would have assured a means of livelihood for the families of men in this position. At the present time, however, they have nothing.

I have in my hand a telegram sent to the leaders of the different parties in the House of Commons on behalf of the Pictou county industrial development committee. It is signed by Mr. A. M. MacIntosh and comes from New Glasgow, Nova Scotia. I shall not read it but it says, in effect, that in the area of Pictou county the mine at Westville went out of production, and that 400 or 500 miners and their families at that point are totally unemployed and have no means of employment.

I realize the minister is doing something; I give him credit for that. He is trying to retrain some of the miners for other jobs in other areas, if they can find jobs when they are retrained. The minister knows, too, that the Allan shaft at Stellarton, within a few miles of Westville, went out of commission and about 1,400 employees have been thrown out of work. That whole area is completely and totally unemployed.

The telegram points out that in that area, affecting the towns of New Glasgow, Stellarton and Westville, over 1,500 people are receiving benefits, and that those benefits will run out by the 18th of this month. At that point there are 1,500 people who will not have anything after the date I have mentioned, and there is nowhere they can go to find employment.

A few days ago I sat in on the committee on railways and shipping and Trans-Canada Air Lines, and noticed in the capital budget of the Canadian National Railways that huge sums of money were spent and are going to be spent in the building of railway cars, sleepers and freight cars. In the Pictou area, about which I have been talking, there is a large and efficient plant that could build freight cars or sleeping cars or, for that matter, any other type of rolling stock used by the railways. I do not think orders to any extent are placed in that area, but I am wondering if in his spare time the minister might get in touch with his colleague the Minister of Transport to find out if something can be done which would benefit the 1,500 people in this Pictou area. I would ask him to get some orders for the company at Trenton to stimulate the area and create some employment. I leave this with the minister, but mention it only to show him that, while what he is doing is all right for those who have the right to benefits, it does not help those who are totally unemployed.

I do not think it is useful to quibble about responsibility in this matter. Whether we are in the municipalities, in the legislatures or in the House of Commons, as human beings and Canadian citizens it is our duty to do everything we can to see that other citizens in Canada are given at least food, clothing and shelter. In this matter we have hidden far too long behind the British North America Act, particularly in the matter of unemployment insurance, and we are trying to hide behind it again and place the responsibility for employable unemployed on the municipality. Under a constitutional interpretation that is where it is today.

After listening to conferences of mayors across this country for the last five or ten years everyone in the House of Commons knows that practically every municipality in the country is bankrupt. They have no means of taxation except against property. And in every part of the country, in every municipality, the property tax is as high as they dare put it; because if we keep on shoving up municipal taxation we will not find many people willing to buy houses and get their roots into the ground. It would be better for them to rent so they could walk out when they like, rather than take the responsibility of full citizenship.

We have taken the right to enact a measure for unemployment insurance. We went over to Westminster and, upon returning, we said, "We have this right." But we have not exercised it; or if it has been exercised, then only to a limited degree. The government has said that it is going to cover a select group in the country and insure them because it is sure most of that group will not be unemployed. The way the fund has grown is a good indication of the truth of my statement.

Let us for a moment consider the railway workers who are steadily employed and who are more or less in sheltered employment. They pay into this fund, but not many of them will get anything out of it. We have covered other industries from which we are reasonably sure there will be continuing contributions. But we have dealt out large numbers of people, those who are called the seasonal unemployed, or the regional unemployed. In many instances the unemployment across the country has lasted long enough to exhaust not only their regular benefits but their supplementaries as well.

I want to tell some hon. members who think this is just a passing phase that in my judgment it is not. The war is over. I hope we shall never see another one, but don't forget that between wars we have always had this static unemployment problem. I can remember it since I was 12 years of age, when there were no cushions against it and it was pretty tough. I can remember the period between 1914 and 1939 when we were down in the depths of the depression struggling and could not get out of it until another war came along, and then we had full employment. While we are praying for peace let us make the necessary preparations, through legislation, to utilize the money and the forces that we mobilize for war by guaranteeing our people at least sufficient to clothe, house and shelter them.

I hear many people talking in this house about building up backward nations. Build them up; but you must realize that as you build up the backward countries to which you are exporting today, they will become exporters. Take India. A few years from now India will be self-sufficient in many things, and we shall not be able to sell her anything. As we build up and raise the standards of these countries to which we are shipping our surpluses today we are putting ourselves in the position, unless we change our tactics, where we shall have surpluses on our shelves and nobody to use them, if

we are not prepared to distribute them. That is the kind of world we must look forward to. If we are to have peace in the world and war no longer as the solution of our difficulties or an alternative to unemployment, these are some of the things we have to think about.

I would suggest even yet that the minister's department should give serious consideration, if not under the regular act, to the emergency measures they are prepared to take to lift the load of the employable unemployed off the municipalities, because the municipalities cannot carry it. Many of the provinces cannot carry it without assistance. It is time we got down to business and began to get away from the idea of trying to hide behind constitutions that were written in 1867, and realized our responsibilities to our fellow men as citizens of this country.

It is a sad commentary on human affairs that many of us in this house have seen two wars come and go, and we see the same conditions piling up again when there is no war. Surely we should have learned some lesson from the last two wars. If we can send billions to NATO and millions to the outside world it is pretty nearly time we began to stop talking about unemployment in Canada and began to look after our own people in so far as food, clothing and shelter are concerned.

I should like to bring another specific matter to the attention of the minister. It has to do with the waiting period. I believe the waiting period of five days should be wiped out. The unemployed paid for the five days. They insured themselves against that unemployment. It is insurance they bought and paid for; at least those who are eligible for it did so. They insured themselves against total unemployment, and in those five days they were totally unemployed.

Let me show the minister how it works in some instances. It is not so bad if a person had four or five years' steady employment and then became unemployed. The five-day waiting period is not such a bother in that case. The minister will recall that I have written to him on several occasions on this matter. I have received telegrams and letters from nearly all the mine workers' local unions in Nova Scotia.

From the month of November to April 15 there is no shipping up the St. Lawrence. The insurance is lifted in November and shipping stops. For the last couple of years practically all the mines in Nova Scotia have been working three days a week from November to April 15. The men are 50 per cent unemployed. They cannot draw unemployment insurance because of the five-day waiting period.

This is how the thing works. You are idle for three days this week. You cannot establish a claim because you are not idle five days. You go to work next week and you work three days, but those three days cannot be charged back to the previous week. You have to establish five days consecutively, unbroken. Despite the fact that the men are idle 50 per cent of the time they cannot establish a claim under the Unemployment Insurance Act.

I have written the minister about it; we have talked about it. The last letter I had from him was dated February 15. I sent him a long memorandum that I had received from the executive board of the union to see if something could not be done to iron out the difficulty. The minister said he was checking with the commission to see if the establishment of what we wanted would upset the actuarial plan of the fund. I have not heard any more about it since, but in view of the fact that it has been an active matter for the last couple of months I thought something might have been done under the act with regard to the five waiting days.

If you cannot wipe out the five-day waiting period altogether some regulation should be drawn up to give a special dispensation with respect to the five-day waiting period in such instances as these, or you could make an arrangement under which the three days of this week and the three days of next week could be put together in the two weeks and then the worker would be entitled to at least one day's unemployment insurance. Then, having established their five waiting days, they would not have to re-establish the five waiting days with respect to any unemployment after that. Their claim would be established and they could carry on from there. It is a tangled proposition. It does not happen in all industries though it does happen in some, particularly in the coal mining districts where they have to ship by water.

We shall bring this matter up in committee. The minister can take a look at this again with his officials and be prepared to give us an answer in committee as to whether the suggestions made by the unions are practical or otherwise. I leave it there until the committee is in session.

May I say a word with respect to the national employment offices. There is no doubt about the value of the work they have done. As the minister indicated this afternoon, they have helped in placing some 14 million people in employment since they were established. That is a big thing in itself. There have been a lot of changes in the act and a lot of extra work has developed since

the offices were set up. I am not so sure that in some of the sections of the country that I know the staff the minister has in these offices is adequate to take care of the job they have to do. The space in some of the offices certainly is not all that is desired. The minister should take a look at them right across the country, because when these offices were established it was pretty much a matter of collecting funds, meeting a few people and sending them out to work. Everyone was looking for people to work at that time.

During the past four or five years a terrific load has been placed on the national employment offices that was not anticipated when they were set up. That is particularly true with respect to space and personnel. I have seen them working night and day in my own area when the coal company decided overnight to place a directive on the radio saying that 1,600 men were to be thrown in the discard tomorrow in a certain area. That is all the notice we get. Then, of course, those offices had to handle those people and try to get them registered and their claims sorted out.

I think you should take a look at the offices. I think a lot of the personnel are greatly underpaid. You have good men in these offices who could get better jobs somewhere else with the qualifications they have. I think you should take a look at their salary ranges. I know some of them who are working for rather small wages when you realize the work they have to do and the responsibility they have to assume.

The manager or the supervisor of employment at these offices takes considerable responsibility and does not get very much help from the big organizations. I am sure that General Motors, Dominion Steel and Coal, Canada Packers and the rest of these fellows do not patronize these offices for their requirements. They run their own show. I think if these offices were accepted for the purposes they were intended to fill and could do the kind of job that was done during the war you would have a much better employment picture in most communities. The national employment offices could question personnel and make out cards listing their qualifications. Then if these industrialists would send in their employment requirements they could at least pick out the right people and put them in the right grooves. But they want to run their own show, with the result that you have a pretty conflicting employment situation in the compact communities where you have large industries. You have two sets of offices trying to deal with the same problem.

As I said in the beginning, most of these people do not want national employment offices anyway. They want to run their own show. When they run it into the ground the only thing they want from the government is subsidies. They get themselves in the hole and then they say that if they are given $65 million they will be able to carry on. But they say to the government, "You cannot tell me whom to hire; you have no right to tell me anything." I suggest that the minister take a look at these offices with special reference to space and personnel, to see if they are being overloaded at the present time. My own experience is that they are badly overloaded, and more people could be used to good advantage.

Then a word with regard to regulation 5A under section 35 of the act. This is my particular baby, as I suppose I have done more hollering and written more letters in the last five years about it than anyone else in the house. I agree with the hon. member for Hamilton West; regulation 5A should be taken out of the act. It is not a regulation, it is a bear trap for married women. I would not mind if it were applied as it was intended to be applied, but here is what happens.

Say a girl is working for the telephone company—I run into a lot of them—and she knows nothing about this regulation. She intends to get married, and her vacation is coming up. A good time to get married and have a honeymoon is during your vacation. She intends to come back to work. She goes and gets married, comes back and works for a few months and finds that nature has played her a trick and she has to stop working. She may have paid unemployment insurance for ten years, and naturally expects that she will get the benefits. But when she makes her application the manager tells her that she cannot get unemployment insurance, that getting married or the result of marriage is not a reason for being unemployed. She is told that she will have to come back to work for 90 days in insurable employment, and then she can obtain unemployment insurance.

I have known of cases where a girl got married, went back to work and worked for three years. Then she stopped work or was let out. I know of several who were let out. When they applied for unemployment insurance the manager told them they could not get it as they had been married three years ago and this was their first job separation. He told them they could not get unemployment insurance unless they went back to work for 90 days in insurable employment. A woman may work three years after marriage, but she cannot get benefits because of

regulation 5A. This forces a woman who is going to get married to leave her employment for that purpose, then reapply for employment which she may never get.

This makes for dishonesty, because if an employer will say the girl had been let out because he has a policy against employing married women she can get the benefits under those circumstances. But her employers must lie for her. Or he can say that there was not enough work and they had to let her out. She would then get her unemployment insurance. But if he tells the truth and she tells the truth she is penalized by being refused the benefits of unemployment insurance.

I suggest to the minister that before he finalizes the bill before the committee he lift out regulation 5A. There is no redress from it. I have handled two test cases. I went before the board of referees, but before you can make an appeal to the umpire here in Ottawa you must get a split decision by the board. You have to break the board in two, and I did that twice. I brought the cases right through to the umpire, but it was no use. There is no way around this bear trap, so I suggest that it should just be lifted out and put out of the way. Section 35 as it is without regulation 5A is all right, but in my judgment 5A is all wrong.

I should like to say a few words about the problem of employment as related to technological advances. Automation is the new word now. They always get a smokescreen. If you used the word automation through the country the average worker would think you were talking about one of these little tin men you make run around with electronics. This is merely technological advance. In plain and simple language it means that the machine is replacing man.

When I hear people say that a large public works program is needed my mind goes back to the Canso causeway. The prediction in 1952 was that this would employ 1,500 people and take three years to build. Well, it took 262 people 18 months to do that job with the machinery that was employed. The St. Lawrence seaway is visualized as providing employment for thousands and thousands of people, but just wait until they get at it. With the equipment they have available today they will dig that seaway with so few people in such a short space of time that you will think it was always there. That is not the answer. Public works are simply a palliative or a stop-gap; they may help in some communities, but they do not provide the answer to unemployment.

You say that we cannot stop progress. That is fine, but I do not consider it progress when you are placing thousands and thousands of people permanently in a position where they cannot provide a living for themselves. The figures which are placed on the right side of the balance sheet by the use of equipment in my judgment do not represent the kind of progress we need in this country.

We have to answer this question. If we are going to perfect machinery which is to take the place of man then we must answer the question whether man is going to be the servant of the machine or the machine the servant of man. That is the question we have to answer. The answer to date has been that man is going to be the servant of the machine, but the fact is that there will be a small number of privileged few who will amass great fortunes for themselves and in doing so bring about poverty and misery and degradation for the many.

In the final analysis that is what this question of unemployment boils down to. There are things we can do about it and there are things we will have to do about it. Don't forget that we are always talking about our way of life. Our way of life is the way the average person lives. A fellow who is unemployed who looks at his family starving is not going to take kindly to all this talk about the British North America Act and technological advances and automation and all that sort of stuff. That is not going to satisfy him. If he is hungry he will want something to eat, and he will likely accept any kind of proposition which guarantees that he will get something to eat.

I think Canada and the United States must begin to consider the production we now have and our potential production which will be increased because of the terrific advances we are making in equipment and machinery. We must consider what we are going to do with it, how we will use it and what we will do with our surpluses. We have to start thinking about the establishment of the six-hour day and the reorganization of our working forces across the country to make more employment for more people in order to give those who are working and producing and paying taxes a little more leisure. I think if we were working in a mine, a steel plant or a factory, where one is required to drive at top speed, we would agree that six hours in one of those places is long enough. A little more time should be spent in the sunshine, or in reading or recreation.

More people must be given work. That is the only way we can give the average citizen a share in the progress we are making in the field of automation or technological progress. There is no other way of doing it, and we have to start thinking about it.

I think the guaranteed annual wage is something that has to be taken into consideration. I said that in this house six years ago, long before they began to talk about it in the United States. I said that people who have employment have as much right to a guarantee that they are going to eat seven days a week as the managerial staff and the white-collar staff. The latter have it now. All civil servants have it. Anyone who works for the government has a guaranteed wage, sick leave arrangements and all those things.

In asking for a guaranteed annual wage industry is merely asking for something that is already established in many sections of our society, and I do not think anyone who takes that position is being unreasonable because in the final analysis the fishermen, the miners, the farmers and the workers produce the wealth of the entire country. The others are service organizations and a necessary part of organized society, but without the primary producers there would be no need for managerial or white-collar staffs, or anything else.

I have never forgotten one statement Abraham Lincoln made in his day on that particular subject. He agreed that capital had a right to a return on its investment, but he said that labour had a prior right because labour came first and if it were not for labour there would be no capital. That was the position he took, and I think his statement is equally true today. In my judgment the implementation of the principle he enunciated at that time can be brought about only by the guaranteed annual wage.

Probably there are dangers for the worker in the guaranteed annual wage in that he becomes a partner in the industry and is tied to the bondholders and stockholders and must go along with the industry. However, it might be the instrument that would prevent many of the upheavals which occur every year or two in the renegotiation of contracts; it could serve that purpose. A lot of union men would not like the workers to tie themselves to industry in that way, but I am glad to see that a man like Walter Reuther in the United States is supporting it very strongly, and a certain section of the Canadian unions is also doing so.

I think it would be well for the minister, perhaps through an interdepartmental committee, to look at the question of the six-hour day and the guaranteed annual wage, and to do some research on it; because it has to come and it will come and we should bring it about in a sensible, organized way based on good solid research, as was done when the Unemployment Insurance Act was created.

Another thing which I think the department should be thinking about in the field of social security is a national retirement allowance. I have said that in this house a good many times. The types of industrial pension which we have today are a means by which we throw away a good many millions of dollars. Every industry whether big or small has its own little pension plan under our present system, and none of them is adequate. The pittance they pay means very little at the end of the trail and although hundreds of millions of dollars are invested in them I think they serve little purpose.

I said a long time ago that there is only one way we can adequately cover the people of this country with a retiring allowance, and that is by the means used in establishing the old age security fund. If it is negotiated with those who are affected I am convinced they will turn over the funds they have invested today and use them as the basis for a national retiring allowance, and then everybody can be covered by taxation. It might cost 6 per cent, which is the average percentage of my income contributed during the time I am working, to give me a retiring allowance of $100 or $125 a month. I think every worker in this country would be prepared to pay it. It could be put in the hands of a branch like the annuities branch, people who are competent and capable of handling that type of thing. Then when I reached age 65 I would retire and would have the guarantee of the government behind me. I would receive my cheque regularly, just as pension cheques and family allowance cheques are distributed regularly. That would represent real security and it is the only way we can adequately cover the people of this country.

I have made that statement several times in past sessions, and as a result I have received a great many letters from small industrialists in Quebec, Ontario, British Columbia and other sections of the country. Their letters told me to keep on pushing for that kind of allowance because they felt I was on the right track. They said that they as small industries find themselves in the position that they cannot offer the kind of pensions offered by large companies. They said they would like to protect their workers but cannot, but under the scheme I advocated they could contribute through taxation and cover their workers in the way they would like to do it. They said this would bring uniformity right across the country, and everyone would know they had a guarantee with regard to retiring allowances.

As it is today the pensions established in industry are only as secure as the balance sheet of the industry, and many of them are

going into liquidation after workers have paid into the plan for years. When the company fails and there are a lot of men approaching retiring age there is nothing for the men and they receive no return on their contribution. I have seen it happen in industries close to where I live. That is another matter the department should take a look at.

If we are going to retain the kind of society we have, then we have to start doing that kind of thing. We cannot continue as we have for the last two generations, when we had unemployment, misery, poverty and no future for the youth of the country who were the lost generation between the last two wars, riding box cars from coast to coast. No one assumed responsibility for them. We cannot carry on like that any further.

Many promises were made after the last war, but we are on the same trail we were on in 1939, prior to the second world war. We cannot go on like that. We have to start measuring up and introducing social changes. War is no longer going to be an alternative in this country or in the United States in relation to the question of decent living standards.

Now, Mr. Chairman, I have said more than I intended to say. I could continue to talk for hours on this particular subject, but I shall allow my case to rest there.

Mr. Regier: Mr. Chairman, I listened with keen interest to the talk given by the Minister of Labour this afternoon. I noticed one sentence in which he said that this amendment and the implications thereof were all of one and the same piece. To me that was a rather significant sentence. He says it is all of one and the same piece; it is all inadequate and all of the same inadequacy. I noticed another sentence of his that I thought was rather significant, when he said "We must not lessen the incentive to work if work is available". That sentence reminded me of the many insinuations I have heard to the effect that there are a number of people who love to see a large number of unemployed. To them a large number of unemployed means that they are able to keep labour in its place, as they see it.

Mr. Gregg: Will the hon. member tell me the words I used that would lead him to believe that I said I was glad to see a large number of unemployed?

Mr. Regier: I am sorry, but I did not mean to say that. As far as I remember the words they were that we must not lessen the incentive to work if work is available. If the minister would like to deny that sentence, I shall be most happy to hear him.

I come back to my statement that this Liberal government—and I think a Conservative government would feel the same way about it—are most happy to see a large number of unemployed available to those who are engaged in the business of hiring labour.

Then I noticed another qualification he made, when he said that any amendments to the Unemployment Insurance Act must be suitable to Canadian needs. I go on to a further point of his which I do not think is unrelated. He said the fund must remain actuarially sound. I am just wondering whether the opinion of the Liberal government that the fund must remain actuarially sound is in the light of its being suitable to Canadian needs. I should like to emphasize the word "needs", because I do not think the matter of our unemployment insurance fund remaining actuarially sound is necessarily in line with Canadian needs.

I was greatly pleased to note that the minister gave some attention to the fact that married women at times were causing an unnecessary drain on the unemployment insurance fund. I agree with him wholeheartedly in this matter. I feel that it is the height of stupidity to allow what goes on today. I was one of the members of the House of Commons who first insisted on the right of a married woman to employment. However, I hope I am not one of the first members in this chamber to realize also that a married woman does not need the benefits of the unemployment insurance fund if there is a member of the household who is in receipt of a regular wage.

Then I noticed the note on which the minister concluded, and to me this was the crowning glory of it all. He spoke of a Canadian social security program and said that these amendments amounted to a twentieth century program of the workers' rights. I regret that I was unable to wait until I had received a copy of *Hansard* in order to verify what the minister actually had said. However, if he feels that these amendments amount to a twentieth century program of the workers' rights, I am afraid he is about 100 years behind the times in his conception of what are the workers' rights in the modern world of today.

In considering amendments to the Unemployment Insurance Act I realize that I may be a little unorthodox in this chamber. However, I feel that the various classes of unemployment insurance benefits are completely unrealistic. The very fact that we should have the rich unemployed and the poor unemployed is to me antagonistic. When we see a married man who is unemployed going up

to the desk to receive his unemployment insurance benefit and receiving $30 a week and then see the next man, who maybe has an even larger family than the man who received $30, receiving less than $30—let us say possibly $18 a week—to me it is wrong. Let us not have the rich poor and the poor poor. Unemployment insurance was meant as a measure to help people get the bare necessities when they were out of work and not in receipt of a regular wage. I do not think we should make a class distinction at this stage of the game.

The other fault I find with our act is the duration of the period during which a man is entitled to unemployment insurance. I feel that unemployment insurance payments should be payable to a man until work is found. I know this suggestion may not agree with some of the recommendations of some of our major labour unions. However, I feel that at the forthcoming meeting of the Prime Minister of Canada with the ten premiers of the various provinces one of the finest things he might do would be to offer to amend our Unemployment Insurance Act so that unemployment insurance benefits will be payable to any employable unemployed until such time as work is found, irrespective of the number of contributions he may have made. I realize that this is an extension of the idea of supplementary payments. However, I believe it is one way of implementing the pledge given in 1945.

I should like to refer now, and I mentioned it a year ago, to the high overhead cost of social security in Canada as a result of the methods that are followed. In my view the overhead cost with respect to social security is away beyond all reason. I think the method of collection is needlessly expensive. The cost of unemployment insurance is carried by the working people of Canada. Most of the working people of our nation pay income taxes. I think a lot of money might be saved if we did away completely with the cumbersome system of unemployment insurance stamps, which is a burden to both employer and employee, and included the amounts payable in income tax payments. In that way we would be able to save a lot of money for the people of Canada.

Then I have also often wondered about this phase of unemployment insurance. A person registers for unemployment insurance and goes through a more or less mechanical procedure. If there is a vacancy the person is recommended and is asked to apply for the job. I feel a lot of help could be rendered to the unemployed and the nation at large if some advice were given in the matter of employment. I sometimes think that the people who administer the employment offices do not have the necessary training in psychology and otherwise to advise people properly so they may find suitable employment. I think a great deal can be done by the department in that field.

The guaranteed annual wage has also been mentioned. We are told that the employer pays 40 per cent of unemployment insurance premiums, the employee pays 40 per cent and the government pays the remainder. I fail to see the logic of making the employer responsible at all. If we are going to hold the employer responsible, then why pick on 40 per cent? Why is it not 5 per cent or 80 per cent? I ask the minister to consider seriously to what extent and in what respect the employer is really responsible for unemployment insurance. I do not think there is any logic in the present arrangement. Coming back to the question of the guaranteed annual wage, I think employers in some industries might be held responsible to some degree, and the government to some extent might also go a long way toward helping the employer assume his responsibility.

I come from the lower mainland of British Columbia. We have there, for example, a construction industry. The minimum wage of the carpenters' union is about $2.25 an hour. I would say that if you should offer any union carpenter of the lower mainland $1.75 an hour and year-round employment he would be most happy to accept it. The matter of financing is involved, and I agree that small enterprisers are not able to meet the expense. However, at the beginning of November the larger industries could have a large number of homes walled in and roofed which the men could spend the winter months finishing. I submit that the guaranteed annual wage is not as far-fetched as many people might imagine it to be. I think it would actually lower the cost of production rather than increase it, as the hon. member for Peace River insinuated this afternoon. If seasonable unemployment is one of our major difficulties I believe some thought might be given to the seasonal employer and how the government might help him to become a year-round employer.

There is one other matter respecting unemployment insurance to which I have given some thought. The other night I saw a pamphlet put out by the Blue Cross health insurance organization, and I noticed that it contained various limitations. There were limitations of $100 for this, $400 for this, $300 for this, $150 for this, and so on. I submit that the average workingman does not need insurance to cover him to the extent of $100, $200, or even $400. What he needs

by way of health insurance is coverage that will take care of the bill for $1,500 or $3,000 with which he may be faced.

Relating that to the matter of unemployment insurance, the average workingman receiving $300 a month or more does not need insurance to cover him for one month or three months. I submit what he needs is insurance that will cover him for one year, two years or three years. When we come to the regulations under the Unemployment Insurance Act we find that the workingman does not have any insurance against the situation for which he needs insurance. He has insurance for one month and, if I understood the minister correctly, up to somewhere in the neighbourhood of 11 months, but he does not have insurance to take care of the situation for which he really needs insurance. It is just the same as in the field of health, and all the private health and hospital insurance schemes are alike in this regard. They will not give you insurance to cover the situation for which you really need insurance. They will only insure you to a limited extent. So too the government of Canada only provides insurance for the unemployed for a limited period, a period during which they might easily get by on their own.

I regret the continued demands for eliminating this waiting period or that waiting period. The unemployed people of Canada need insurance for something for which the government is unwilling to give them insurance. They need insurance to cover long-term unemployment. If the minister thinks this does not apply to the average worker, may I say that it certainly does apply to the unemployed worker once he has reached the age of 40 or over, or even 35 or over.

We have had unemployment insurance for some time now, and it is about time we revised our attitude toward it. First of all, we do not want insurance; we want employment. We want employment at decent wages. And second, if we have unemployment insurance. then we want to have it payable not until the benefits expire but until employment is again found for us.

Mr. Herridge: Mr. Chairman, the hour is getting late and I am not going to speak at length. I must say I listened with interest to the minister's statement on this resolution. However, it is usually my practice to read such statements so I am quite clear on what has been said.

I believe the hon. member for Winnipeg North Centre and the hon. member for Cape Breton South have placed the position of this group clearly before the committee. I did enjoy the historical review of the evolution of

unemployment legislation given by the hon. member for Winnipeg North Centre. While he was giving it I was inclined to think in terms of the past, and my thoughts went back 50 years and to the tortuous path the federal government has taken in accepting the responsibility for labour legislation.

In the early days of this century the federal government accepted certain responsibility in connection with legislation for unions, as applying to workers within the provinces. Then in 1903 a royal commission was set up by the federal government to investigate strikes and serious labour troubles occurring in the gold mining and hard rock mining industries of British Columbia, as well as among carpenters and workers on the railways. That commission went to British Columbia and after some months made a report to the House of Commons. I might add that the late Right Hon. Mackenzie King was secretary to that commission. The concluding paragraph of the commission's report, it seems to me, does indicate the great improvement in our outlook toward labour problems. The concluding paragraph of this report, which dealt with industrial disputes in the province of British Columbia, is in these words:

> At the same time we feel quite free to admit that, while much good can be accomplished by wise legislation, the labour problem, so-called, is incapable of final solution, and that it will be with us as long as human nature remains what it is, and present civilization endures.

I think there is a very different outlook today toward labour problems, and since that time we have made a great deal of progress. In this report, which was presented to the House of Commons, the commissioners recommended that labour disputes in British Columbia go before the exchequer court and be dealt with there.

This calls to mind an early experience of the former prime minister in my constituency. He was sent out there, as deputy minister, to act as conciliation officer in a dispute between the western federation of miners and certain mining companies in Rossland, British Columbia. I remember reading in the newspapers about his trip. I thought the Rossland paper stated the situation rather well when, adopting the crisp form of news reporting followed by those early weekly papers, it said:

> A roly-poly man with a cherubic face, in a bowler hat, riding a scraggy nag arrived in Rossland. He was the deputy minister of labour, Mr. Mackenzie King.

This would seem to indicate that at that time the federal government accepted some responsibility for labour problems involving men who were not employed in national industries.

Then we have seen, in the lapse of years, a change in the situation. It has been found necessary to change the constitution before the workingmen of Canada could get unemployment insurance. Possibly the minister will be able to explain the reason for this changed situation. This change became even more interesting to me because of the remarks of the hon. member for Winnipeg North Centre.

I should like now to place before the minister certain anomalies I have found in the act, in my experience. A good many persons have brought the matter to my attention, and I shall bring it before the House of Commons. I refer to the position of men who work in forestry in British Columbia. These men are found in quite large numbers in the central part of the province, and I presume there are many of them in other parts. They go out on duties such as surveys, or felling snags, or burning brush, or slashing, or any other work required in the conservation of timber. While the cooks in the camp who cook for them, or the carpenters who build their camps, or the men who build the trails for the various roads are covered by unemployment insurance, those men who work at felling the timber, cutting the logs, slashing the brush or burning it are not covered by the act.

In this connection I wish to read a letter which outlines clearly what I have in mind. Before doing so, however, let me pay tribute to the local management of the national employment service in my district, particularly in recent years. The manager there has done excellent work in visiting small communities and attending meetings of the Legion, trade unions, various institutes or lumbermen's organizations, and has taken great pains to explain the regulations and how applications should be sent in. These visits have been most helpful and have cut down the loss of time that formerly occurred because forms were filled out improperly because those who filled them out did not understand the regulations and the procedure.

The letter I have before me was written by the manager of the local employment office in reply to a young man who had worked during the summer at cutting logs and felling trees, who eventually became unemployed and expected to receive unemployment insurance. This was the letter he received:

Dear Sir:

We refer to your letter of January 25, 1954.

We regret the delay in answering your letter. The delay was due to the fact that we requested an official ruling from Ottawa in respect to your case.

This, may I say, is only one case of a good many.

As we previously stated to you, your employment with the B.C. forest service was considered as employment in forestry, and therefore not insurable.

For your information, we quote an extract from the letter received from Ottawa:

"As you have told Mr. Rogers, employment in forestry is not one of the employments at present covered by the act. It is specified as an excepted employment in part II of the schedule to the act. The expression 'employment in forestry' is interpreted as meaning the cultivation of forests, the management of growing timber and the prevention of forest fires. To ensure uniformity of interpretation throughout the province, we have determined with the concurrence of the British Columbia forest service the classes of employees of this department who are to be insured and those who should not be insured. Thus clerical staff, research workers, draftsmen, truck and tractor operators, mechanics, carpenters, dispatchers, and scalers are insured because they are not directly engaged in forestry work."

In my opinion this is a most hair-splitting decision. It continues:

"On the other hand, foresters, lookout men, rangers, patrolmen, cruisers, fire suppression crewmen, and those engaged in tree planting and clearing brush, etc., are, of course, not insured as this work is actual forestry.

Mr. Rogers and his crew were engaged in clearing brush after logging operations. This is an operation classed as forestry and the employment was not insurable. Cooks, like carpenters and mechanics, are not engaged in a forestry occupation. They are tradesmen engaged in their own trade and are properly insured."

In view of the above information, we feel that your standing in respect to unemployment insurance coverage should be quite clear.

I bring that to the minister's attention because it does work a hardship on a good number of men, and the very men who do the casual work. The men who are covered are, on the whole, year-round employees of the forestry service of British Columbia; but the men who are hired in the summertime to go out and clear up the debris to prevent fires, and who in some cases do the slashing and tree-top lopping of timber in areas in which private operators had been working, do work identical with that which is being done by men who work in the woods. Under the present regulations under the act they are not covered. I bring this to the minister's attention because it does work a hardship on a good number of men who are employed in that work for possibly eight or ten months every year and are then laid off; whereas most of those who are employed throughout the year are covered by the act.

I ask the minister to look into the question because there is an absurdity in the definition or application of the word "forestry".

Mr. Nicholson: Mr. Chairman, in listening to this very interesting debate I realize that the hon. member for Cape Breton South and

I are the only two of those who have spoken who were here in 1940 when the legislation was passed, though quite a number of other hon. members on both sides of the house were here at that time.

Hon. members who were here then will recall that June 25, 1940, was a pretty black day. The Germans had overrun the low countries and France, and everyone was quite worried about the future. However, the government of the day, anxious to get the very best from Canada's working force, felt that unemployment insurance should be made law. While members of all parties gave enthusiastic support to this legislation, yet it is obvious from the present problem that confronts Canada that this proposal is not adequate. I am sure no one is going to oppose it, but if this is the government's major answer to Canada's present unemployment problem, it just is not good enough.

The hon. member for Vancouver South suggested that the provinces have a real interest and responsibility in this field. I would like to remind the house that on June 25, 1940, the then minister of justice, Mr. Lapointe, in introducing the resolution that asked Westminster to change the British North America Act, said, as reported at page 1109 of *Hansard:*

> And whereas, if a uniform and effective system of compulsory unemployment insurance is to be adopted throughout Canada, it will be necessary to amend the British North America Act, 1867, to enable the parliament of Canada to enact the necessary legislation;—

In due course section 91 of the British North America Act was amended by adding thereto as class 2A the following:

> 2A. Unemployment insurance.

Section 91 of the British North America Act reads—I shall not read the whole paragraph—

> —and for greater certainty but not so as to restrict the generality of the foregoing terms of this section, it is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated, that is to say:—

Then it gives a list of 29 fields such as the following: postal service, the census and statistics and, of course, unemployment insurance. As it stands now, under the British North America Act no province would be permitted to pass unemployment insurance legislation even if such province had the funds, and I think it is pretty obvious that since the provinces and the municipalities get such a small share of the taxpayer's dollar to spend they would not be able to undertake the responsibility of dealing with the unemployment situation we now have in Canada.

In another debate the hon. member for Saskatoon said something about the leakage that is involved in connection with public works projects. For example, if the government of Saskatchewan were to undertake the building of the South Saskatchewan river dam, we shall say at a cost of $100 million, not more than $25 million of the total would be of any assistance to the province of Saskatchewan in providing work with wages or business for the business organizations of that province. About half the amount would benefit other provinces of Canada, and almost 25 per cent of the total would benefit places other than Canada. Since the country in which we live is dependent upon each section, I think it was quite right that in 1940 we should have changed the British North America Act to make it perfectly clear that the federal government should have the responsibility for dealing with the problem of unemployment.

Several of my colleagues have referred to the guaranteed annual income. Tomorrow night the Minister of Finance is going to bring down the budget, which is looked forward to with a great deal of interest. Representations have been made to the minister that he reduce the income tax. I for one have never made such representations to him, and indeed I have said there are a great many more people in Canada who are worrying because they cannot pay income tax than are worrying because the income tax is too high.

Those who are paying income tax are granted certain exemptions. A single person has an exemption of $1,000 and a married person of $2,000. Since we have accepted that principle for so many years we should also accept the principle that every person in Canada should have a guaranteed income, that no one should have to live on less than a certain amount. I am not going to say what that amount should be, but if we are to have for income tax purposes an exemption of $2,000 for married persons and $1,000 for single persons, we should decide that the economy of Canada will stand an income for every person of the country.

The automobile industry has been mentioned. Walter Reuther, of the United Automobile Workers, emphasized in Cleveland the other day that the industry should be prepared to guarantee an annual income to everyone in the automobile industry. The hon. member for Winnipeg North Centre said that the general manager, all directors, the sales staff, and all the office workers in that industry now have a guaranteed annual

income. I submit that the machinists and the mechanics who do the work in the factories, and are just as necessary to produce automobiles as are the officials, should have a guaranteed annual income provided by this industry as a part of the cost of producing automobiles.

In the white paper today the Minister of Finance mentioned that last year the gross national product was worth around $24 billion. If my arithmetic is correct that works out to about $1,600 for every man, woman and child in the country. We can face the fact that we can increase this amount or we can decrease it. We can increase the $24 billion by making it possible for every able-bodied person in Canada to perform some useful work. I submit that while the Minister of Labour has not been charged with this responsibility so far, he should ask his colleagues to give him the wider powers and the necessary funds so he can bring in legislation in order that the 600,000 people who are now in the ranks of the unemployed might look forward to finding a chance to do some creative work.

It is as plain as a, b, c. If the 600,000 people are given a chance to do creative work the gross national product next year will be a good deal higher than the $24 billion mentioned by the Minister of Finance. On the radio the other night the hon. member for Nanaimo mentioned that the gross national product was down about $600 million as a result of the failure of the wheat crop in the prairie provinces. That factor is having a very direct effect on the unemployment problem. Farmers who lost their crops last year or those who have not been able to sell their crops are not included in the 600,000 in the ranks of the unemployed, but many of those farmers are in a position where they are denied the privilege of buying their fair share of the goods available in Canada. I submit that the municipal and provincial authorities cannot cope with this problem, but in my opinion the federal government can deal with the problem of the farm population receiving $600 million less in the way of purchasing power.

The Deputy Chairman: I have been following this debate all day and have been making what I consider a rather determined effort not to curtail the discussion of every aspect of unemployment insurance, including a great many aspects of unemployment. But I am afraid I must come to the conclusion that a guaranteed annual wage or other provisions whereby a shortage of farm income on the prairies can be corrected by federal government action cannot be said to come within the purview of this resolution, which states that it is expedient to introduce a measure to amend and consolidate the Unemployment Insurance Act. I particularly do not want to curtail the hon. member after having allowed other hon. members to discuss a guaranteed annual wage and so on, but I am strongly of the opinion that the hon. member who now has the floor has really gone beyond the Unemployment Insurance Act, and I think he will have very little difficulty coming back to it.

Mr. Nicholson: Thank you, Mr. Chairman. I had finished with that and I am going to conclude promptly. In conclusion I would like to remind the cabinet particularly that when this legislation was passed originally the then minister of finance announced the theory that whatever is physically possible will be made financially possible. That was a sound financial theory, and it is equally sound today.

The Deputy Chairman: I do ask the hon. member to co-operate. We really are not discussing the general outlines of financial systems; we are discussing whether it is expedient to amend and consolidate the Unemployment Insurance Act. I would ask the hon. member to help to keep the discussion somewhere on the track.

Mr. Nicholson: Thank you, Mr. Chairman; I am concluding. I think the minister should recommend to the committee that necessary amendments be made to the legislation so he can deal with the problem of the other people who are unemployed but who are not going to be covered by this legislation.

Mr. Winch: Mr. Chairman, I assure you that I am going to speak to the motion now before us as to the advisability of amending and consolidating the Unemployment Insurance Act. I am certain in my own mind that practically all the workers in Canada will welcome the progressive amendments which were outlined to this committee this afternoon and which will be included in the bill the minister proposes to bring in to amend and consolidate the Unemployment Insurance Act.

However, in listening to the minister this afternoon I must admit that I was somewhat puzzled by certain phases of his explanation as to the policies and amendments he had in mind. As we are in committee stage on the resolution I would like to deal with about three of those phases which are giving me some puzzlement and which I think most definitely should be clarified before we have the actual introduction and second reading of the bill, in order that the Minister of Labour can give us a clearer understanding

and explanation as to the motives and purposes behind the three phases which I desire to discuss.

As there are three phases which I want to talk about I should like to call it ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take as the first item No. 5, consideration of amendments made by the Senate to Bill No. 4, to regulate the exportation of power and fluids and the importation of gas. I understand that these are very minor amendments and so far as I am aware there is no objection to them in the house and we could dispose of the bill almost at once. Then we shall continue with this debate; then take the adjourned debate on the motion to go into supply, and then the adjourned debate on the motion with respect to the reference of external affairs items to the special committee. I would hope that we can conclude all these items of business before we adjourn on Wednesday evening.

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

HOUSE OF COMMONS

Tuesday, April 5, 1955

The house met at 2.30 p.m.

SIR WINSTON CHURCHILL

EXPRESSION OF TRIBUTES ON OCCASION OF RETIREMENT

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the following announcement from London reached Canada just about an hour ago:

> The Right Honourable Sir Winston Churchill had an audience of the Queen this evening and tendered his resignation as Prime Minister and First Lord of the Treasury, which Her Majesty was graciously pleased to accept.

I know that the thoughts of all hon. members, as indeed those of our fellow Canadians, are turned at this moment toward that very great statesman of our time. His decision to seek Her Majesty's acceptance of his resignation will be received with mixed feelings. All of us know that no one more richly deserves a respite from the overpowering public responsibility that high office imposes. But we shall miss a leadership which for so many years—and especially in the anxious days of war—has inspired and encouraged the people of the commonwealth of nations and indeed the whole free world.

Sir Winston, during his 80 years of restless activity, has played many parts. Few figures in history have compressed so many careers in a single life span. He has been soldier, author, painter, lecturer, journalist and statesman, and he has won recognition in all. But on this occasion peace-loving people throughout the world remember first with deepest gratitude his unequalled contribution to the cause of human freedom and peace. They recall especially that time of great adversity, when the commonwealth stood alone against the forces of nazism, and democracy was in such grave peril—how his actions and his words inspired in us then courage and hope—those qualities which were so desperately needed.

Referring to that struggle, on his 80th birthday, he said:

> I have never accepted what many people have kindly said, namely, that I inspired the nation. Their will was resolute and remorseless, and it proved unconquerable . . . It was the nation and the race dwelling all round the globe that had the lion's heart; I had the luck to be called upon to give the 'roar'.

We all realize that Sir Winston's contribution was infinitely beyond what his modesty would allow him to admit, and we all agree that his "roar" was one of the greatest and most memorable sounds ever to come from a human throat.

With victory won, Sir Winston could have retired secure in the knowledge that he had accomplished more in his lifetime, on behalf of his fellow men, than most men are called to do. But the restless Elizabethan spirit which possessed him, and his deep sense of public service, would not permit him even the briefest respite. He continued to devote his great talents and energies, both in opposition and in government, to the problems confronting his nation and to the cause of peace which had been so dearly won.

Canadians have been privileged to greet this great world leader many times. But I do not suppose any visit gave us greater joy than the one he made here last summer; for we were able to see for ourselves how completely he had recovered from his grave illness of two years ago. The citizens of Ottawa who lined the streets of this city during that visit will recall with warm delight how, in order to better exchange greetings with them, he climbed up on the back seat of the convertible automobile and gave them his famous victory sign.

Two months ago I had the privilege of attending the last prime ministers' conference with Sir Winston as chairman. He was immensely proud of our great commonwealth of nations, and I do not think any occasion pleased him more than to have the commonwealth leaders assembled in London to discuss the many problems confronting our association and the world at large. I know each of us there was filled with admiration and respect for the manner in which he conducted our discussions and for the brilliant analysis he gave us of the problems before us.

As Sir Winston Churchill steps down from the post of prime minister of Great Britain, I am sure that all Canadians will extend to him their most affectionate and grateful greetings and offer their sincere prayer that he and Lady Churchill may enjoy many more years of health and happiness together.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I think that most of us here today have an uneasy feeling that the end of a great period of parliamentary

history has now appeared before our eyes. However, it would be wrong to suggest that the resignation of Sir Winston Churchill changes substantially the great institutions with which he has been associated for more than half a century. Of course the first impression is one of immense loss in the departure from the active parliamentary scene of the greatest parliamentarian of all time.

For fifteen years he has been the authentic leader of the free world. For fifteen years it has been his voice that has given expression to the hopes and aspirations and fortitude of people who have seen much that they cherished disappear, but have found comfort in his unwavering faith in the religious background of our life and in the strength of democracy itself to survive every change that may come.

It is a long time since the desperate days of 1940 when Britain stood alone—not alone, in fact, because there was the whole commonwealth ranged at her side, but alone in the immediate presence of the enemy. At that time words were spoken which must to many have seemed almost empty expressions of a faith that could hardly be supported by the dreadful arithmetic of war.

We will always remember how with that buoyant humour, never diminishing even in the most ominous hours, he came here to make a speech which will remain on the pages of the history of all countries which love freedom. He reminded his hearers that he had been told that if Britain fought on, separated from the nazi hordes by only a little more than 20 miles, her neck would be wrung like the neck of a chicken. There is no one here who will forget the way in which he gave his answer, the pause in his remarks when he said, "Some chicken, some neck."

It was his ability then, and in the troubled years which followed, to convey his meaning in the simple colloquial terms of the people who bear the brunt of every struggle, terms which appealed to people everywhere, because the words he used were understood in every language whatever it might be.

One of the great things about his life has been his close association at all times with the United States. Along with the great speeches that were made here in Ottawa to the people of Canada are those memorable speeches which he made in Washington. He appealed to the spirit and confidence of people with the same historic background in a way that no other man could have done. He said that if conditions had been reversed, if instead of his mother being the American member of the family it had been his father, he might have got into congress on his own. That brought him very close to the hearts of the people of the United States. I feel sure that at this hour throughout the whole United States there is the same feeling of affection, the same feeling of respect and admiration which we cherish here, because the respect for Sir Winston Churchill and all he represents is something that is limited by no international boundary but is a common heritage of free people everywhere for all time.

His boldness in the face of immense difficulties, his challenge to the enemy who thought they were certain to prevail, rallied his own people and gave them courage and strength. It is true, as the Prime Minister (Mr. St. Laurent) has pointed out, that he sought to play down his own part. He sought to give the impression that he had merely been the interpreter of the sentiment of the people of Britain and of the commonwealth at that time. Thank God we had such an interpreter at that hour. There might have been others who with less certain voice would not have aroused the same response.

The simple fact is that no other man in history has occupied so many roles with such distinction as has Sir Winston Churchill. He is the greatest statesman of all time and I am confident that history will declare that fact. I remember that in his own book on his early life, written long before there seemed any possibility that he might occupy such a role, he spoke of the fact that seldom had a great leader in war been a great leader in peace. He then went on to make a statement the accuracy of which some of my medical friends challenge. He said that the brain is divided into two parts, of which one controls military affairs and the other deals with problems of peace, and for that reason very rarely has one man been able to be successful in both fields. Then long before he occupied a position of any substantial importance he said, "Who knows but that I may prove the exception to the rule?"

Whether his description of the brain was accurate or not, and there are those here who are more competent to express an opinion on that than I am, the fact remains that he emerged from the years of great war leadership; he tasted defeat without bitterness; he returned to power without boasting, and he has proved himself almost as great a leader in peace as in war. In fact I hesitate to place any reservation on his peacetime achievements because I have the impression that when the history of these times is written it may well be told that almost as great as his contribution to the freedom of the world in 1940 was his contribution to the unity of the western world at the time when disharmony seemed to prevail after the collapse

of EDC last summer. I think it will be found that his immense prestige brought together nations which seemed then to be drawing apart, and that the growing unity of western Europe is a tribute to the manner in which he was able to speak to the leaders of other nations and bring them together at that time.

Fortunately we are not here to mourn him; on the contrary he is very much alive. The news reports we have received today state that he enjoyed a pleasant evening last night surrounded by his immediate friends and honoured by the presence of the Queen to whom he has rendered such magnificent service. How fitting it was that on his last day in office he should be host, with Lady Churchill, to the Queen whom he served so well; this remarkable man who had the unique opportunity to serve Queen Victoria, her son King Edward VII, King George V, King George VI and now the new and young Queen Elizabeth II. What an unparalleled service that has been to the institution of monarchy in which he so strongly believes. He is still very much alive and I prefer to believe that instead of this being, by any manner of means, the end of his activities we shall probably see this as the beginning of a new period of adventure which will greatly help all of us.

He now goes out, free from any suggestion of partisan political association, as the elder statesman not only of Britain but of all free nations. He enters that new period of adventure with a spirit of youth which he has expressed so well even during recent weeks. When I learned just a short time ago that his resignation was official—and most of us thought it would not be official for at least a few hours yet—I was reminded of these lines of Oliver Wendell Holmes, which it seems to me apply to him so aptly at this time:

> Call him not old, whose visionary brain
> Holds o'er the past its undivided reign.
> For him in vain the envious seasons roll
> Who bears eternal Summer in his soul.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, on behalf of those associated with me I wish to join with the Prime Minister (Mr. St. Laurent) and the Leader of the Opposition (Mr. Drew) in the moving tributes they have paid on the occasion of the resignation of the Right Hon. Sir Winston Churchill.

On occasions like this, one is tempted to look down the long avenue of time at the history of the institution of parliament which we share in common with the people of Britain and other parts of the commonwealth, and perhaps to appraise those who are in power and exercising influence within that institution. When I heard that Sir Winston Churchill had resigned I looked back and could think of no prime minister in British history who occupies a higher place in the affections of the British people, the Canadian people and indeed of the world than Sir Winston Churchill. The only name I can think of that can be placed beside that of Sir Winston Churchill is that of William Pitt the Elder, the great Earl of Chatham. He laid in large part the foundation of this commonwealth or of the British Empire, as it was called then, and Churchill in his time has been one of the architects of the modern commonwealth.

What a long span of history that is. No man, I think, has better expressed the ideals and the determinations of the democratic peoples of the world than has Churchill. I, of course, can look back to a time when Churchill was prominent in public life in the early part of this century as a pungent spokesman for the Liberal party. I remember him as an outstanding leader of the British commonwealth during the first war in the coalition government. I of course remember him later on sitting as an independent member in the British House of Commons, and now we realize that he has won the admiration and support of many people who have disagreed with him on occasion throughout the years.

When it came to the formation of that wartime government in 1940, despite the fact that many people had bitterly opposed many of his views, the Labour party said, "We will serve under Churchill, and under none other will we serve." And so today, as the curtain of public life is rung down as far as the prime ministership of Britain is concerned, one can only say that whether or not one agrees with the political philosophy which governs the party views of Sir Winston Churchill, I believe it is the glory of democracy, of this commonwealth and of this institution that on occasions like this we can all admire and pay tribute to the great services rendered by a statesman to the people of his day and his generation, whether or not one agrees with all his views.

Mr. Solon E. Low (Peace River): Mr. Speaker, it is not often that this parliament pauses to pay tribute to a man or a woman who is still living. This therefore marks a very interesting precedent in my experience in this house. I am very glad to join with those who have spoken this afternoon to pay tribute to a man who has earned the place he now holds in the affections of everyone. I suppose it is because Sir Winston Churchill is such an amazing man that we are doing what we are doing today, breaking new ground. This man has aroused the imagina-

tion and the admiration of free people in all parts of the world. Churchill surely represents the very best in British statesmanship, and for that reason he is looked to for advice, counsel and guidance, and this has been true for many years.

It is to be regretted that Churchill was not able to realize his dream of peace throughout the world while he was still in office. I imagine he would like to have stayed in office until he did realize his dream, but perhaps in his new-found retirement he might still be able to contribute something to the achievement of peace.

Sir Winston Churchill has earned the gratitude of many millions of people in all lands for his great services to humanity in many fields. I sincerely hope that he will have as many years as he might desire in which to enjoy his retirement, free from the responsibilities of office. And if he wishes to continue to represent his old constituency in the House of Commons I hope he will have that privilege, too.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 307, respecting the Fredericton & Grand Lake Coal & Railway Company.—Mr. Murphy (Westmorland).

TRADE

GATT—AVAILABILITY AND PRINTING OF DOCUMENTS

On the orders of the day:

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, on March 31 the hon. member for Eglinton (Mr. Fleming) asked the Minister of Trade and Commerce what arrangements are being made for printing the documents pertaining to GATT which the minister tabled on March 28. We have now received from Geneva a limited number of copies of these documents bound together in a more convenient form. This includes all the documents tabled by the minister on March 28, except the declaration on the continued application of the tariff schedules. I now wish to lay on the table a copy in English and in French of this publication. This declaration referred to is not included in the documents I have tabled because it is simply one of a series of declarations affecting the GATT tariff schedules.

The documents now available in this printed form relate directly to the revision of the general agreement itself and the proposed organization for trade co-operation. Copies of these documents, and of the declaration on tariff schedules, may be obtained from the Clerk of the house.

[Mr. Low.]

The government is now giving consideration to arrangements for making available in printed form an edition of the GATT, which will make clear the nature of the general agreement as it emerged from the review session, the character of the proposed organization on trade co-operation and the significance of the declaration on continued application of tariff schedules.

OIL—REPLY OF UNITED STATES GOVERNMENT CONCERNING RESTRICTIONS ON IMPORTATION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce particularly in view of the fact that we have joined in wishing him happy landings in the flight he is to make. Because in this matter he represents Canada, our good wishes go with him in the trip he is making. But I still would hope that before he leaves he will have obtained the ordinary privilege that is usually available of giving publicity to the other side of the communication which was made to this house. I would point out that the minister thought we should know about our communication to the government of the United States. I would hope that before we leave tomorrow we shall know what the answer is which has been in the hands of the government now for some time.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I think I can turn over my responsibilities in this connection to the Secretary of State for External Affairs (Mr. Pearson). I am sure he is anxious, as are we all, to make public the reply. But international courtesy requires that we obtain the consent of the government of the United States. I think perhaps the reason for the delay may be that the subject matter of the exchange is a matter of controversy in the congress of the United States at the present time. I am suggesting that as my own idea of the reason for the delay. But I can assure my hon. friend that he can rely on the Secretary of State for External Affairs to make the reply public as soon as permission can be obtained.

Mr. Coldwell: May I suggest to the minister that he exercise a little pressure on the United States in the same way that the United States exercised pressure recently on another government in connection with the publication of the Yalta papers.

Mr. Pearson: Possibly I might say a word on that point, because I do not think the government of the United States is at fault. When the note on this matter, which was

tabled in the house, was received by the United States government we were informed that they would wish to make a reply to it in due course. They did give us their reaction to that note orally but we have not yet received the formal written reply. We have been pressing them very hard to get it and have indicated that we would like to have it before parliament rises. Until we get the formal written reply there is, of course, nothing that can be tabled here, and they have assured us they will do their best to furnish it before parliament rises.

Mr. Drew: Mr. Speaker, I would point out that this is the first occasion we have been informed it was only an oral reply. I wish to make it quite clear that there should be no discourtesy on the part of our government with regard to a matter of this kind or of any other kind in its dealings with the government of the United States. I was under the impression that there had been the ordinary formal reply and that it was merely a case of release. That was the way it appeared from what was said in the house. The extent to which I have pressed this point was related to my understanding that the formal reply had been received and that it was merely a case of securing permission to have it released. I repeat, however, that, subject to the courtesies which I hope will always be extended in the widest measure possible in dealings with the government of the United States, the people of this country will be interested in knowing what is being done with regard to a matter that has implications going far beyond the subject matter in this case which happens to be the movement of oil across our boundaries.

DOMINION-PROVINCIAL CONFERENCE

REFERENCE TO LETTER RECEIVED FROM PREMIER OF SASKATCHEWAN

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, in order to give a more positive answer than I was able to give yesterday, when I did not have the correspondence before me, to the questions asked by the hon. member for Dufferin-Simcoe (Mr. Rowe) and the hon. member for Broadview (Mr. Hees) as to whether there was any suggestion from the provincial premiers about the agenda for the preliminary meeting in April, may I say that I have re-examined the correspondence and find that when we were having this correspondence and trying to arrange a date that would suit everyone, there was a letter from the premier of Saskatchewan dated March 10 in which there is this paragraph:

Inquiries of the Ministry

Press reports emanating from Ottawa have indicated that there might be some discussion of the unemployment problem at the proposed preliminary meeting in April. I think most of the provinces would welcome an opportunity of discussing this question at the preliminary meeting rather than waiting for the federal-provincial conference which is to be held later in the year.

NATURAL GAS

REQUEST FOR STATEMENT ON PRESENT POSITION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the speculation which is naturally appearing in the columns of the press throughout the country with regard to an extremely important matter of concern to all Canadians, I should like to direct a question to the Prime Minister and ask him if he would consider the advisability of having a comprehensive statement made by the government before we rise tomorrow informing the house as to what the situation actually is with regard to the use of gas from Alberta. The subject has been under discussion. It is one of concern to all Canadians. There are many in western Canada particularly who are anxious to see some action with regard to this matter. All Canadians want to know what is likely to happen with regard to something that was placed before the house in a clear and emphatic manner and dealt with on that basis a year ago.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there is nothing new that I could place before the house at this time. The gentlemen who are interested in the establishment of a pipe line in Canada to bring the gas from the west to the east are, I understand, still persisting in their efforts to work out arrangements for the private financing of that project. The government's policy with respect to gas is unchanged and remains such as was stated on March 13, 1953.

NATIONAL CAPITAL PLAN

JOINT COMMITTEE TO CONSIDER RELATIONSHIPS OF GOVERNMENT WITH OTTAWA AND NEIGHBOURING MUNICIPALITIES

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Minister of Finance. In view of the urgency of reviewing policies in connection with the capital plan and perhaps more particularly, may I say, the development of the Gatineau national park, when is the joint committee of both houses, suggested in the speech from the throne, to be set up to examine the financial

and other relationships of the government and the federal district commission with the city of Ottawa and the neighbouring municipalities? I also have in mind, of course, the province of Quebec in which a large part of the park is situated.

Hon. W. E. Harris (Minister of Finance): At the beginning of the session it was announced that we would ask Their Honours in the other place to join with us in a joint committee on this particular subject. As a matter of fact, however—and I think the house will agree with me in this statement—there has been a considerable amount of committee work in the house so far, and we thought that until it was completed or at least until a considerable part of it was completed, we would not be able to go forward with this committee out of consideration for members who would want to serve on it. After the Easter recess we shall have another look at the matter in order to see whether we can fit it into the program later on this session.

Mr. Coldwell: The idea has not been abandoned?

Mr. Harris: By no means.

FERRY SERVICE

YARMOUTH-BOSTON—INQUIRY AS TO MAINTENANCE OF SERVICE

On the orders of the day:

Mr. G. C. Nowlan (Digby-Annapolis-Kings): May I direct a question to the Minister of Transport. Can the minister advise the house whether any submissions or recommendations have been made to him or to his department with respect to the maintenance or re-establishment of the Boston-Yarmouth steamship service which is threatened with permanent suspension? Can the minister tell us what action if any will be taken in that direction?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, there is a freight steamship service between Yarmouth and Boston which operates from late September to late June. Last year Eastern Steamships Limited, an American company, operated a passenger and cargo service during the summer months. Press reports indicate that the government of Nova Scotia has been discussing a renewal of this service for the coming season. I have no knowledge of these discussions, of the provincial government's actions on this matter or of the American company's intentions. I should like to add that no representations have been made to me or to the Department of Transport.

[Mr. Coldwell.]

ATOMIC ENERGY

INQUIRY AS TO DETERMINATION OF RADIOACTIVE PRECIPITATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare arising out of the statement he placed on the record yesterday in answer to certain order paper questions by the hon. member for York-Scarborough? Do the studies made thus far by the minister's department indicate whether or not the hydrogen and atomic bomb tests already conducted have raised the level of radioactivity to the point of danger to human life?

Hon. Paul Martin (Minister of National Health and Welfare): My hon. friend did not give me any notice of his intention to ask this question, which concerns a matter of very great importance. I would think we had already dealt with the matter in the answer tabled yesterday, but I should like to take the matter under consideration and give the hon. member an answer later.

POWER, FLUIDS AND GAS

LICENSING CONTROL OVER EXPORTATION OF ELECTRIC POWER AND FLUIDS, AND IMPORTATION OF GAS—CONCURRENCE IN SENATE AMENDMENTS

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 4, to regulate the exportation of power and fluids and the importation of gas.

Motion agreed to, amendments read the second time and concurred in.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE BENEFIT RATES, ADJUST CONTRIBUTIONS, ETC.

The house resumed, from Monday, April 4, consideration in committee of the following resolution—Mr. Gregg—Mr. Robinson (Simcoe East) in the chair:

That it is expedient to introduce a measure to amend and consolidate the Unemployment Insurance Act and, *inter alia*,

(a) to increase benefit rates, as well as to provide for certain changes in the duration of both regular and seasonal benefits;

(b) to adjust the contributions, and to change contributions from a daily basis to a weekly earnings basis, and benefits from a daily to a weekly basis;

(c) to provide a graduated scale of allowable earnings in place of present provisions related to casual earnings and non-compensable days and,

(d) to provide further for certain changes in connection with the administration of the act.

Mr. Winch: Mr. Chairman, when the house rose at ten o'clock last evening I was saying that I, and I think all members of the house, welcomed the recommendations of the minister as outlined by him and that I felt sure organized labour throughout Canada would also welcome them although perhaps it would be somewhat regretful that he had not gone a little further. I also pointed out that I had followed very closely the entire speech of the Minister of Labour and that I appreciated very much what I term his outline of policy before he went into the details of the bill amending and consolidating the act which he proposes to bring before the house after this motion is carried. As far as certain aspects are concerned, I found it somewhat puzzling to try to tie together his policy statement and the motivation outlined by the minister with some of the details he gave following his outline of policy.

In order to make my position clear I should like to refer to what I term the policy outline as given by the minister and quote three paragraphs found on page 2663 of yesterday's *Hansard*. The minister said:

> It will be apparent from what I have said, Mr. Chairman, that what the government is here proposing is not merely a series of amendments to the Unemployment Insurance Act. It is something much more fundamental than that. We are undertaking, in fact, the most far-reaching revision of our unemployment insurance program that have been attempted in the decade and a half of its existence during the course of the seven times the legislation has been reviewed by the house.

Again, he said:

> Born out of the suffering and the hardship of the great depression, the Unemployment Insurance Act of 1940 established a new dimension of social statesmanship to which all our subsequent social legislation—family allowances, the new veterans charter, old age security, the national health program, rehabilitation of civilian disabled, have faithfully conformed. It was the passage of the Unemployment Insurance Act which enabled my predecessor, who introduced it, and all his fellow countrymen, for the first time to speak of "a Canadian social security program".

One more quotation:

> What we are doing today, in the new legislation which I have the honour to introduce, is adding a worthy addition to the steadily growing structure of social security that we have been building in Canada.

I am certain that no one in the house or, as a matter of fact, in Canada, will question the principle and the motivation as outlined in those words of the Minister of Labour. My puzzlement arises from the fact that in his outlining of the details he did not, in my humble estimation, carry through in the way we had a right to expect in view of the magnificent principles and objectives outlined by him in his policy statement. If this proposal of the minister is to be a great advance in the over-all security program of the people of Canada, I think it automatically and axiomatically follows that it should mean not only an increase in benefits to a certain group but should also definitely mean no retreat from any security measures already in effect under the legislation. In addition, it should also mean an extension so as to give greater coverage than that which has been in effect under the act up to the present time. Therefore I look forward, may I say, to a clarification of some of the details as outlined by the minister in the light of his very excellent policy pronouncements.

In his outline the Minister of Labour told us that up until now 95 per cent of all the claimants have drawn less than 30 weeks benefits. I take it, sir, it is because of that, and one or two other factors, that a change is being made to reduce the maximum payments from 51 weeks down to 30 weeks. It may not seem of major importance, but in principle I think it is. The details given to us on this matter by the minister actually mean that according to the experience of the unemployment insurance commission over the many years, 5 per cent are going to lose a security coverage which they previously had. I believe that is an important matter. The minister made a statement on this question, and I quote from page 2261 of *Hansard* for April 4, 1955:

> Many of these one-twentieth are married woman and elderly people for whom alternative social security programs would seem to be more appropriate.

If this is an extension of Canada's security program, I am puzzled that we should have it suggested by the minister that 5 per cent are going to lose security.

Mr. Gregg: I am sure my hon. friend will not mind if I interrupt. I said that none of those presently insured need lose any of their equity. I am sure the hon. member, if he referred to the centre portion of page 2661 of *Hansard*, will see that I made that perfectly clear. Those who are insured at this time can receive the same benefit as though this change had not been made.

Mr. Winch: That is quite correct, Mr. Chairman. If I understand the minister, he is referring to the fact that provision is being made over a period of three years, and that is correct. I am speaking of the principle of the thing, because I presume the government is now introducing their ideas, and their amendments, as they conceive them for at least some time to come. Although the minister has quite correctly stated that those who are now making certain payments under the

old act would have the right to certain benefits, he is at the same time laying down a principle which means in effect that beyond that period, or if they are not now qualified, there will be a reduction of 5 per cent in those who are covered. I believe the minister understands my point concerning this principle.

What I am saying is correct. It is a retreat from the principle that has been established up until now. I fail to see by what miracle or legerdemain that 5 per cent, or an individual if you want to put it that way, can be expected to find a job in 30 weeks when they have not been able to find one in 51 weeks. I feel that is a reasonable and logical question.

I want to refer to the statement of the minister which I just quoted from page 2661 of *Hansard:*

> Many of these one-twentieth are married women and elderly people for whom alternative social security programs would seem to be more appropriate.

It sounds very nice, but it only sounds very nice. It does not point out that for a great many of these people there are not now any provincial or federal security measures to which they can turn if they are no longer eligible for unemployment insurance beyond the 30-week period. What are they supposed to do? If we had an over-all program, if there were provincial or municipal legislation to take care of them, I could understand the statement. But to make it when there is no program unless they are over the age of 65—

Mr. Gregg: Three years to go.

Mr. Winch: —the government is outlining a principle concerning those who can meet certain requirements now, but I am trying to look into the future and find out why they have that principle in mind. Is it because they contemplate having to change this act in the next three years? If so, why not introduce the coverage now to take care of those people in the future? I assume that if they cannot conform and are over the age of 65, then if they are destitute they can make application under the Old Age Assistance Act. But there is a big difference between the payment of $40 per month to married people under that act and the amount of $120 to which they would be entitled if the extended period which we have now remained in the Unemployment Insurance Act.

If these people are not 65, then where do they turn? The federal government does not assume responsibility for the employable unemployed if they are not covered by the Unemployment Insurance Act. In some instances provinces do, but on a far lower basis in total than the amount for which those people would be eligible under the Unemployment Insurance Act. There are many who move around, and as I stated in a previous speech there is no province that dares accept responsibility for such people who are not covered by the Unemployment Insurance Act and who have not been domiciled in their own province. In my estimation that is a serious problem now and will be for a long time to come.

I find it rather strange, Mr. Speaker, that here we have a principle that will take people off unemployment insurance after 30 weeks. I admit that only applies to 5 per cent if the same figures apply in the future as they have in the past, but such people cannot get provincial assistance if they are not domiciled in the province. There is a very strong mobile labour force in Canada. People who move around trying to get employment, and who cannot get it, are denied any security under any plan, provincial or national. Yet we find some reactionary employers or the spokesman for such reactionary employers such as the *Financial Times*, published in Montreal, stating that the biggest problem —I would almost say "curse"—in Canada is the policy of trying to get workers to own their own homes.

I was amazed to read this editorial, and may I just quote one section of it:

> There is, as a matter of fact, nothing that industry can do about it so long as the mass of workers refuse, as they are doing, to accept a job whenever and wherever it is offered. There is today considerably more unemployment than is necessary; due in large measure to the widespread "own your own home" movement throughout the country in recent years.
>
> For some time now the *Financial Times* has been warning that there are economic dangers in the universal trend towards home ownership;

Did you ever hear anything so fantastically reactionary and diabolical as the viewpoint that we have to have an itinerant labour force? It means, according to the *Financial Times*, that this government and the provincial governments have been doing wrong by encouraging, through free enterprise, the workers of Canada to own their own homes. While I have not seen any expression of opinion on that, if they do or do not own their own homes and have to travel Canada in search of work, or are doing their utmost to find employment away from their own domicile, they should be protected either by industry or by government unemployment insurance and other measures so that they will have some semblance of security.

I merely want to express the opinion at this time, Mr. Chairman, that there should not be any restriction on the amendments to

the Unemployment Insurance Act at this time that will remove either now or in the future any probable or potential security which workers have been enjoying up to the present time. In view of the minister's statement that there should be some appropriate security measures to take care of those who may be affected by the new legislation, there is a responsibility on the minister and on the government, in view of his pronouncement and in view of his policy statement. If there is not now that provision of security, he should do his utmost to include it in this Unemployment Insurance Act. Failing that, he should fill the gap as speedily as possible in those sections of our economy where we do not now have security provision.

When I first rose to my feet I said that in view of the policy statement of the minister, since I know he was sincere in the statement he made as to his belief and desire, I was puzzled that there should not be an extension of coverage. If we can go by the information given to the house yesterday by the hon. member for Hamilton West, 38 per cent of the workers of Canada are still not covered by the provisions of unemployment insurance. I heard the minister yesterday and I reread his remarks in *Hansard* this morning. I could not find any intimation whatsoever that he was going to bring in any alterations that would mean an extension of coverage to workers of this country under the Unemployment Insurance Act. In view of the minister's emphatic statements, reiterated time after time, of the terrific advances, I am puzzled as to why there is nothing to indicate, in what he calls the terrific advance, that there are to be any changes made to bring, not all but at least a part of this 38 per cent under the security provisions of the Unemployment Insurance Act. I sincerely hope that he will give us a little bit of clarification on that matter.

Personally, I find it very difficult to understand why it is that in Canada we should have these gaps in all the security measures of this country, as to why we should have so many people who can come up against varying degrees of insecurity because of old age, disability or unemployment. I fail to understand why in a country like Great Britain they can have an over-all security program. I can hardly think of any difficulty that a person in Britain can meet, over which they have no control, in which they are not covered by some security measure. Certainly if Great Britain can do it—she has done it for many years—so can we. We have heard a great deal this afternoon about Sir Winston Churchill. We noticed only two months ago that they increased the benefits of their over-all security program all down the line. If Great Britain can give 100 per cent coverage, then I fail to understand why this Liberal government, with all it says it stands for, administering the great economy of the Dominion of Canada, with all its resources and wealth, and if they are imbued, as I hope they are, with all the principles, as outlined by the minister in *Hansard* yesterday, cannot do it. I fail to understand why we should have so many gaps in our own program and why it is going to take time to fill those gaps. I fail to understand why, when the minister has this opportunity of amending and consolidating his present act, he cannot go a bit farther than he has to see that he does not retreat in any way but takes strides toward a greater coverage and a greater protection.

I want it to be understood that I am not criticizing. I am not trying to deprecate the worth-whileness and the great benefits that will accrue from many of the suggestions that have been brought in by the minister at this time. I most sincerely commend him for a vast number of his suggestions.

Now, sir, there are just two other items that I should like to draw to the attention of the minister, and I can do it very rapidly. I regret that there has been no intimation, at least in the speech of the minister, that he intends to take care of a very difficult situation that has been obvious for a number of years. Almost every province—as a matter of fact, every province—has its labour legislation. Under this labour legislation, if the workers get into a dispute with their employers, they have to go through a period of collective bargaining. If that fails, then there is mediation, conciliation and arbitration. If those fail, then a strike vote is taken. After that, under the terms of the provincial legislation, there is the right to strike. That occurs upon occasion in our country, unfortunately. When it does occur we often see workers who are not affected by the dispute itself, unemployed, because, as union men, they refuse to go through a picket line. On many occasions we also see workers in supply industries become unemployed. It is the history of the administration of the Unemployment Insurance Act that when this occurs those who are not directly in the strike but are affected because they will not cross a picket line, or because they are employed in a supply industry which is affected by a strike in the main industry, have to wait days and weeks before it is decided as to whether or not they are entitled to unemployment insurance. To the best of my knowledge, in most cases at least, —I am not sure about all—eventually there

is a decision that they are entitled to unemployment insurance. I think I am correct in saying that, sir, but because that principle has been established in instance after instance of the nature I have outlined, why is it still the situation that there has to be all of this negotiation, uproar, argument and a lapse of a considerable period of time before these people can be recognized as eligible for unemployment insurance?

It had been my hope that this very serious matter would be clarified. It affects thousands of people across the length and breadth of Canada when industrial disputes end in a strike. I wondered why we did not have some intimation that this matter was to be clarified by legislation? If it is not to be clarified by legislation, I do hope the minister will give us a statement on the position of his administration with regard to this matter in order to make it clear to the people of Canada, and perhaps bring about a greater speed-up in the handling of such instances under such circumstances.

Very briefly I want to add my word to that of the others who have spoken previously to request the Minister of Labour to take a second look at this matter of the eligibility of workers to receive unemployment insurance when they are ill. That is one of the things that puzzle me. If a person is unemployed and becomes sick on the seventh day of his unemployment he is eligible for unemployment insurance, but if he is laid off because of sickness he is not entitled to unemployment insurance.

This works a great hardship on a considerable number of people, especially when you put them together over a period of years. I hope that the minister will take a second look at this matter. I have heard it said that there is a constitutional issue involved but I fail to see where there is because if you can do the one I do not know why you cannot do the other.

This is all I wish to say at this time. I conclude by saying that I commend the minister for the changes he is bringing in as I know they will prove beneficial, but I do think that in his outline of the principles and details which he gave yesterday he did not come as close as I think he should, and perhaps as he might want to, to the fulfilment of the high principles he outlined in his policy statement. I hope that between now and the time when the bill is passed the minister will see his way clear to make the Unemployment Insurance Act a consolidated one which will grant greater security to the people of Canada.

Mr. Nowlan: Mr. Chairman, I intend to speak but briefly in connection with this matter. First I want to say that I agree with what was said yesterday by the hon. member for Hamilton West and by the hon. member for Cape Breton South with regard to regulation 5A which deals with married women. I think the hon. member for Cape Breton South referred to it as a bear trap. It certainly is a booby trap which is giving a great deal of trouble and I think the regulation should be taken out entirely.

I sometimes wonder about the appeal procedure laid down by this act. I do not intend to go into the details at the moment, but I do think the department is most fortunate in the people it has administering the appeal procedure, especially in so far as the umpire in Ottawa is concerned. But here the government is setting up a court of its own, it chooses the personnel which is not known to the unemployed who may be claiming unemployment benefits. He has no voice in the selection of the personnel. He brings a claim before the board of referees and may obtain a favourable decision.

I wonder why the department should then appeal the decision of its own board to an umpire who may be two or three thousand miles away from the unemployed person. That person is faced with considerable delay and is sometimes put to additional expense in having the matter determined finally. Having appointed its own board of referees, having made its own selection of qualified men to make up that board, I submit that at least generally the government should accept its decision and not carry the appeal further. Certainly it should not carry the appeal further without advising the unemployed claimant of his rights and not merely suggesting to him that the matter is settled and he need not be worried about it because nothing is going to happen. Very often something does happen and the unemployed person does not know what it is all about until he gets a notification to the contrary.

My principal reason for rising is to refer briefly to a matter which was mentioned by the hon. member for Hamilton West and by the hon. member for Esquimalt-Saanich earlier in the session, that is, the position of fishermen with respect to the Unemployment Insurance Act. I am the first to admit that there are difficulties in the way of including this industry within the act but I do not think they are insuperable. The men employed in this industry deserve every possible consideration. I know of no group who work harder, who risk their lives and health in the earning of a livelihood to the extent the fishermen do and who generally speaking are paid less for the work and sacrifice which is necessary in this type of employment.

Surely some system can be evolved whereby these men can benefit from at least a modified form of unemployment insurance. The department itself has made a study of this matter. I have here the report of a commission which made a survey of the fishing industry in 1951. This is a pretty analytical survey; it is informative and statistical and gives a fair summary of the problems confronting this industry. In the second paragraph of their conclusions, being paragraph No. 273, they state that the administrative difficulties, although appreciable, can be overcome.

I am suggesting that if the commission appointed by the department to consider this matter found, as they did quite frankly, that the administrative difficulties can be overcome, then the minister should submit to parliament machinery which would include this group of men within the framework of the act and overcome the difficulties which his officials have admitted can be overcome.

It is easy enough to say that this cannot be done, to paint a picture of the fisherman who is part labourer, partly self-employed or a share fisherman, a man who owns part of the boat, and then ask how it can be done. The simple answer is that it is done in Great Britain.

An hon. Member: And the United States.

Mr. Nowlan: And the United States. If it has been done in those countries I suggest that it should not be too difficult a problem for the minister to adopt a similar procedure here. It is true that at one time in Great Britain the fishing industry was not included. In 1944 or 1945 a commission was appointed to inquire into the matter and it recommended in favour of including this group. But it was not until 1949 that they passed a new unemployment insurance act in Great Britain directed particularly at the fishing business and including share fishermen, those who were working for wages and those who were self-employed provided they were employed on a boat of more than ten tons.

At one time in the United States it was thought that the constitution prevented the government from insuring marine workers or fishermen, but in 1942 or 1943 the supreme court of the United States gave a judgment that it was open to insure this type of worker. They now have a situation in the United States where these people are recognized not only by the federal government but also by all the American states which border on the sea coast or on the great lakes. They now have a wide system of unemployment insurance for fishermen in the United States.

With those two examples before him as lighthouses or beacons along which the minister can pilot his course and the fact that they are working successfully I do suggest and urge that he give this matter more careful consideration than has been given in the past and not allow it to be brushed off simply because there are difficulties. There are difficulties in the way of any program on which the government may wish to embark. I urge the minister to give this matter consideration and either later on this session, or if that is impossible, because we do not want to hold up the passing of this bill, at the next session of parliament, bring in amendments which will include the fishing business along the lines which have been worked out so successfully by the country to the south and by Great Britain.

Mr. McIvor: I will say just a few brief words. Like the hon. member for Vancouver East, I congratulate the minister on the good things which are in the bill. I just wonder what kind of bill the Minister of Labour would have to bring in in order that the hon. members could not find any fault with it? However, I am waiting with interest to hear the reply the minister will make to the criticism which has been made of this bill.

I remember becoming acquainted in the thirties with one who is now a cabinet minister and I am convinced that he found a cure for unemployment, although it cost him a penny. He called his own workers into his office and said, "There is no more work but you can come as usual and enjoy yourselves and your salary will be paid as usual". I would like to ask the minister if it would not be possible to have a check-up of all industries and employers of labour who expect to lay off some workers and have them get in touch with the Minister of Labour to see if the workers could be kept on.

I know that our employment officer in Fort William has done an outstanding job. As I said before, he organized a "do it now" campaign. Unemployment at Fort William is no higher than it was last year and in fact the latest report I have received indicates that it is going down. Instead of 175 to 200 calls there are only between 30 and 40 now. This shows that the local employment offices and the municipalities can do a great deal to help the situation when they dig into their jobs.

I would like to see the waiting time cancelled altogether. The minister sees fit to retain it but perhaps he will give some explanation for doing so. If an individual is earning only $1 an hour, his salary will be $8 a day or $40 a week if he works a five-day week. That appears to be a lot of money to a man

who has a family and I would like to see the waiting time cancelled altogether.

I wish to congratulate the minister once again; he is doing a great job and when he is through with this you will see what it will mean to the workers.

Mr. Noseworthy: Mr. Chairman, as I listened to the minister yesterday I concluded that this was exceptional legislation visualized by this resolution. I thought that the legislation would be in line with the advance publicity which was given the amendments to the Unemployment Insurance Act by the government. The more I study the legislation that is likely to be introduced in the light of the remarks made by the minister and by others, I begin to wonder just what is the primary purpose of the amendments that are to be introduced. I had thought that the primary purpose of these amendments was to make this act a more efficient measure for those who are unemployed. I am now beginning to wonder whether or not the main purpose of these amendments is to maintain the present level of the insurance fund at or around somewhere between $800 million and $900 million.

As I study the proposed amendments I am forced to conclude that certainly one important function of those amendments is to maintain the actuarial stability of the fund and I am inclined to think that more emphasis is being placed on the stabilization of this fund at the figure I mentioned than on meeting the actual needs of the people who are to be served by the unemployment insurance fund. It is true that those who experience short periods of unemployment will benefit by reason of the fact that their weekly payments will be increased both in the case of those with family responsibilities and those without. But to offset that, the maximum period of time for which these payments are to be made will be considerably decreased. Those who experience long extended periods of unemployment, as a great many do at the present time, are likely to suffer, especially if the time in which their regular unemployment insurance expires coincides with the 15th of April. A number of people have already interviewed me in this regard. Some of them interviewed me over the past week end. They were men whose regular unemployment insurance will expire on or about April 15. After that date these men will not be eligible for either regular or supplementary benefits. Therefore in some respects the legislation visualized by this resolution is disappointing, particularly in the light of present circumstances. It would offer no relief to those who are unemployed but are not now covered by unemployment insurance and there is a considerable sector of the working force not covered at all by unemployment insurance but who are unemployed at the present time and unable to receive any benefits.

It was to be hoped that, in view of the advance publicity given to this measure by the government and in view of the present unemployment situation, the area of those eligible for benefits would be extended and some categories not now covered by unemployment insurance would be brought under that umbrella. The amendments will be of little benefit—as a matter of fact, they will be of no benefit—to those who have exhausted their unemployment benefits. They will be of no benefit to those who have not had an opportunity to fulfil the requirements of the act. They will be of no assistance to the great many young people who are unemployed simply because they cannot find jobs and who have never had an opportunity of building up a fund on which they can draw. The amendments will not benefit those who now find their family responsibilities exceedingly high in relation to the unemployment benefits, those who are now finding it extremely difficult to provide shelter and food for their families with the present unemployment insurance benefits.

Then there are a few other ways in which the measure will be disappointing. The five-day waiting period against which labour has been protesting for some considerable time apparently is to be retained. There is no mention that the five-day waiting period is to be abolished. Regulation 5A under section 35 which the hon. member for Cape Breton South referred to as a bear trap is apparently to be retained. There has been no indication that there will be any change in that regulation. I did not hear from the minister anything to indicate that the employees of unemployment insurance offices are to receive any new consideration in the matter of wages or especially in the matter of accommodation.

I have been in many of the unemployment insurance offices in and around greater Toronto. As a matter of fact, I have been in most of them. Anyone visiting those offices at almost any time during the past months would realize how overcrowded they are and how inadequate is the accommodation in which those who administer this act are obliged to work. I had hoped that the minister would give consideration particularly to those who are the managers of those offices. I pointed out here previously the nature of the responsibility which these men assume and the qualifications which are required in those who are to manage efficiently some of these larger employment service offices.

These persons certainly warrant a much higher category of wages or salaries than those they are receiving at the present time.

Those are some of the shortcomings of the present amendments, as I see them, and the extent to which these amendments fail to measure up to the advance publicity which this act has received or to meet the present-day pressing needs. I know that in itself unemployment insurance cannot be expected to care for all those who may become unemployed and to do so indefinitely; certainly that is so if that fund is to remain actuarially sound. I suppose any unemployment insurance fund which was to provide for all the unemployed for indefinite periods of unemployment would have to be one that would make subsidies from the federal treasury from time to time a part of the fund. The hon. member for Winnipeg North Centre quoted the Minister of National Health and Welfare, when he was speaking at the time of the inauguration of the fund in 1940, as follows, as reported at page 2673 of *Hansard*:

> . . . unemployment insurance in itself is not sufficient to meet the needs presented by a situation of that sort and must be related to the question of unemployment relief, . . .

As a matter of fact, the maintenance of employment and protection against unemployment are both parts of the same problem. The present unemployment insurance is only a partial protection against unemployment. This revision of the act fails to meet that over-all problem. The over-all problem consists of both the maintenance of employment and protection against unemployment.

I realize that the federal government at the present time takes the position that the maintenance of employment or the maintenance of conditions favourable to employment is a federal responsibility and that the maintenance of the unemployment insurance fund is a federal responsibility but that it maintains that the residual problem, namely the protection of the employable unemployed who are without unemployment insurance benefits, is a provincial responsibility until such time as the provinces are unable to meet that responsibility. That appears to be the official position taken by the federal parliament at the present time.

For the life of me I fail to see by what logic or on what grounds the government has reached that conclusion. I fail to see how the government can possibly reach the conclusion that the most serious part of protection against unemployment must be left on the doorstep of the provincial government or the municipality. As a matter of fact, most of the inquiries which have been made into this problem—including the inquiry by the unemployment insurance commission, by the Sirois commission and by the government itself in 1945—all agree that this is a federal responsibility. The government itself in 1945 was agreed that not only were the maintenance of employment and the maintenance of the unemployment insurance fund federal responsibilities but that protection against unemployment was a federal responsibility.

When one considers the nature of that problem, one fails to see how any organization to deal with it can possibly be successfully administered by a provincial or a municipal government. If those who move from place to place in search of work are not to be penalized for so doing, we must have some uniform national system of unemployment protection. Otherwise those who move from one province to another or from one municipality to another are going to be penalized. If unemployed Canadians are to be treated in all the provinces by the same standards and are to receive the same treatment, this whole problem of protection against unemployment must be administered by some such organization as the unemployment insurance offices or some organization under federal direction which will give some uniformity of treatment to unemployed people, regardless of the province or the municipality in which they are. Certainly, whether or not the federal government admits it, the country today believes that responsibility for protection against unemployment is a federal matter, and we think that the major share of that responsibility, both in connection with financing and organizing for its administration, rests with the federal government. These facts were recognized by the government in 1940. I have before me a brief presented to the members of parliament from the Toronto district on Saturday morning by the Toronto branch of the Canadian association of social workers.

Mr. Gregg: Mr. Chairman, I know my hon. friend will not mind if I make a comment at this point. I feel that I have just as much concern about this problem as he has, but I think I should point out that the matters he is bringing up now are ones that were covered quite fully over the period of a month's debate. Furthermore, with respect to the special problem of the gap which exists amongst those to whom he has referred, and which has been admitted time and time again in the house, it is hoped and believed that matter will come up for discussion in a very short time by the heads of all the governments of Canada who I feel sure are keenly interested in it. Since this matter could under no circumstances be taken care of by

the amendments that will be forthcoming, I wonder whether or not discussion of it might be deferred until some later date after we have seen what may happen later this month.

Mr. Noseworthy: If that is the minister's wish, I shall be very happy to accede to it. I merely want to make one more reference. There was a statement in the minister's speech to the effect that the present amendments will furnish a foundation for additional measures to be worked out at the forthcoming federal-provincial conference. I merely want to suggest to the minister at this point it is important that some agreement be sought at the conference to convene later this month as to responsibility and also with respect to some measure that will take care of the people who have been depending throughout the winter on supplementary unemployment insurance benefits and who are going to have them cut off on April 15.

Many of them are in age groups where they will not be able to secure employment. Many of them had nothing except the supplementary benefits. If the government has decided to cut off the supplementary benefits on April 15, then I suggest that every effort be made to reach an interim agreement with the provinces whereby these people can be given some form of protection as soon after April 15 as possible.

Mr. Gregg: Mr. Chairman, I take it I am expressing the sense of the committee that it would be desirable to have the resolution passed this afternoon so that copies of the bill can be made available before the Easter recess. I have followed very closely the interesting and helpful discussion that has gone on yesterday and today, and I appreciate it very much indeed. I know that all hon. members who took part would not want me, without the bill in front of them, to go fully at this stage into the various points raised. There are a few I should like to mention in some detail, particularly one referred to by practically every speaker, namely, the length of the period of winter seasonal benefits.

As the hon. member for Cape Breton South inferred last night, the reason I made such a long-winded statement yesterday on the presentation of the resolution was to attempt to put on the record in layman's language an interpretation of what must of course be in bill form the language of the lawyers, and I for one find the language of the lawyers, when incorporated in a bill, very difficult indeed to understand. Perhaps others are in the same category.

Mrs. Fairclough: Hear, hear.

[Mr. Gregg.]

Mr. Gregg: I was glad to see that the hon. member for Hamilton West maintained a position with regard to this plan that would give her mobility of action in the days to come. At the very outset she took up the cudgels on behalf of the fishermen, and as one who lives near the seashore I am delighted that an inlander like herself is on our side. I want to say two or three things about fishermen. I agree with what the hon. member for Digby-Annapolis-Kings said about their contribution to our economic life, the difficulties they face in earning their livelihood, and so on. For many months now we have had officials working on the problem of insurance coverage for them in the most serious and intensive fashion. I have not given up hope that we may find a solution. I know it will not be a perfect solution but I hope we can find a good solution somewhere, whether it comes within the field of unemployment insurance, under some special measure administered by the Department of Fisheries, or a combination of both.

But what I can say, as far as this measure is concerned, is that if, as and when a solution is found with respect to unemployment insurance, it will be possible for fishermen so recommended for inclusion to be brought within the legislation without any further amendment of the act. I shall see to it that the study proceeds. I should like to suggest that the officials responsible for the study be brought before the standing committee on industrial relations when it meets, and the hon. member for Hamilton West and all the other fishermen can then cross-examine them.

The hon. member for Hamilton West says that the coverage should be as wide as possible. That unquestionably continues to be the policy of the government, and that is why I did not mention it yesterday. Now, it is not as easy as it looks, and I am sure that hon. members realize that. I am going to take only one example. We live and work in a free economy and believe that our various organizations have a right to express themselves without our pushing them around and imposing something upon them. In the very mild and friendly discussion on the resolution that took place yesterday one hon. member said something to the effect that rumours had been heard that the Minister of Labour was going to bring hospital workers under unemployment insurance, and why in the world was the minister delaying so long?

I did not see that report in the press but it must have been somewhere because on my desk this morning I had wires from the chairmen of hospital boards saying in effect, "For heaven's sake, don't do it". I mention

that as an example. You will recall that the former minister of finance introduced last year quite a mild little measure affecting the welfare of our federal civil servants on the assumption that it would apply 100 per cent to everybody. You will recall what happened under the banner of freedom with respect to that measure. What happened under the banner of freedom as to that measure would be small business compared with what would happen under the banner of freedom if the Minister of Labour were to say, without a good deal of prior spade work, if you like, that 100 per cent of federal civil servants were going to be brought under this legislation on this day in April, 1955. But I will say that we are from month to month bringing in any groups that can be brought in and we can always do it; we do not have to amend the act. Quite a number of members mentioned that point.

The point concerning supplementary benefits and their effect upon the period this year, I shall leave until the end of my remarks. I shall make a short reference now to two points that were mentioned by many, one of them concerning the women. This point is always forcibly put forward by the hon. member for Cape Breton South as well as the hon. member for Hamilton West. I will undertake now to have still another look at that regulation. It is a regulation, and I am confident it is one that has to be there in some form. It is not there because of discrimination, but simply because a woman is a different sort of individual from a man, with all the implications that go with that. It is the desire of the government, and the desire of the commission, that that regulation should only affect the few who might be tempted to take advantage of the situation to the detriment of the thousands of others who are paying into the insurance fund. But we will have another look at it this winter.

The other point mentioned by many members concerned the interesting item of the guaranteed annual wage, on which I shall only make two comments. One of them is that during the last five years I have been Minister of Labour I have learned one thing, and that is that while an item is in the process of discussion under collective bargaining, the federal government or Department of Labour should not interject itself. At the same time, I add quickly that the federal Department of Labour should not keep its eyes and ears closed but its officials, as they are doing, should keep the situation under review and know what is happening so they will at least be able to think intelligently about it. I shall touch upon the other points mentioned by the hon. member for Hamilton West as I come to them.

The hon. member for Winnipeg North Centre rather poked fun at me by saying that I was like Gaul. I was very much interested in following him as he traced areas of my own research in his historical review. I found it, as a matter of fact, a very interesting survey with which I take no exception at all. However, he did leave me rather up in the air in the speech I made to the Canadian Manufacturers' Association last summer. The facts of that are simply these. On invitation, I went out to Jasper and, after a good deal of sweat and walking in the mountains because of the flood, I talked to the association on seasonal unemployment. I did state that there were certain fixed charges, certain fixed things they would have anyhow and the moral of the speech was to the effect, why not use these fixed facilities that you have to have to make sure your employees work a full year rather than being seasonally unemployed in the wintertime. That was the essence of the message. It was not related to the guaranteed annual wage, but I will admit it was related to the same objective, namely, providing year-round work during the winter months.

I can say this this afternoon, that the experiments we have been carrying out in this regard are not going to be the entire cure of unemployment. However, long before next winter we shall learn how big a dent, if it can make a dent, this program can make in seasonal unemployment. If it is a reasonably sized dent, then what we can do federally we are going to do in co-operation with all the other forces. I do not know yet how far we can go, but in the experiments we have conducted this winter the great labour organizations and organized industry have co-operated in the fullest possible fashion.

The leader of the Social Credit party expressed his general approval of this measure, as did the representatives of that party who spoke when the resolution was introduced in 1940. I thank him for his kind words. I also wish to thank the hon. member for Welland for expressing his opinion that, by and large, what he sees coming forward in this legislation fulfils what he had in mind when he placed his resolution on the order paper some time last November.

Now, the hon. member for Broadview spoke, and I was glad to give him an opportunity to tell his Texas story concerning the grasshopper. In my opinion he took an extraordinary stand when he gave us the impression he was prepared to place no limit upon the extension of these benefits. I can tell you today, Mr. Chairman, that not only management but the national labour organizations of

this country would look with the utmost concern upon an unlimited extension of these benefits. They, as well as the government, are anxious that this plan shall be on a sound financial basis, and it is easy to see the reason for that. During these 14 years, both of these groups have been making their contributions to this fund day after day and week after week. They have been making these contributions on the understanding that the fund is to be maintained financially sound. The government and any minister of labour must, therefore, to a degree, look upon this as a trust fund on behalf of the two parties concerned, as well as on behalf of the taxpayer. If any minister of labour, without going back and reviewing the whole ground once more, were to say that benefits may be given to a few people for an unlimited period from the money contributed by a great many who want to be sure when they become unemployed that assistance will be there, it would in my opinion be a violation of that trust.

Mrs. Fairclough: If the minister will permit an interjection, I did not get the same sense from the hon. member's remarks as he did. While he has been speaking I have looked at them again, and I am sure the minister has misunderstood the hon. member for Broadview. There is nothing in his remarks to indicate that it be unlimited.

Mr. Gregg: If I am mistaken, I will amend my remarks. I am sure, however, the hon. member for Broadview did indicate that we should extend the period, and I don't recall he suggested a limit.

Mrs. Fairclough: Beyond April 1.

Mr. Gregg: Yes, but without mentioning any limit.

The hon. member for Nanaimo also discussed the guaranteed annual wage. I believe I have covered the points put forward by all hon. members except those by the hon. member for Cape Breton South.

Among other things he said that the heads of our great industries were not using our national employment service. With all due respect I say that is not entirely true. However, it is true to say that many of them do maintain their own employment offices or, if you like, their own aptitude assessment offices. Great companies like General Motors at Oshawa, for one, do use our services in a big way; but since such companies, in this modern age, have so many technical jobs to carry out they quite naturally depend upon their own people to assess the qualifications for those jobs. This they can do more specifically than can our staff. I should like to go that far in correcting the record to show that a great many of our large industrial organizations do use the national employment service.

The hon. member said that unemployment insurance is no good to those who have exhausted their benefits 100 per cent. A good many other hon. members said the same thing. My hon. friend quoted two industries which have been very much to the fore in unemployment and very much in the minds of many of us, namely the soft coal industry and the textile industry. If ever there were examples of personnel exhausting their benefits 100 per cent they were in the two communities he mentioned, one at Westville, the soft coal industry, and one at Marysville, a cotton textile industry. I happen to have a very intimate knowledge of both, since both are near my home.

This afternoon I am going to say a word about Westville. A little over a year ago, on the recommendation of my colleagues the Minister of Mines and Technical Surveys and the cabinet minister representing Nova Scotia, the Minister of Public Works, and at the needling of the hon. member for Pictou, we recommended to our colleagues in the government that we take a step, in co-operation with the province of Nova Scotia, that was completely uneconomical, namely that certain subsidies should be continued for another six months if the province of Nova Scotia did certain things and if the management of the industry did certain things, with the definite and specific object of extending for another six months the life of the project in Westville to make employment possible for those who had been thrown out of work before they reached 100 per cent of their insurance benefits.

From time to time since then I have informed the three gentlemen I have mentioned of the progress made. Without going into details, it is the kind of thing you cannot transfer to Windsor, to Montreal, or to Sault Ste. Marie, but in pleasant, snug little places like Westville and Marysville, you can do something because it is much easier to encompass the situation. In co-operation with the provinces concerned, under schedule M of our Vocational Training Co-ordination Act which, as hon. members know, contains a provision for training at the same time one is receiving benefits, a great deal has been done in both places. In fact, in these places I am looking forward to the time within a very few months when the situation may be liquidated with the least possible hardship and the fewest possible number of people left unemployed, or older people left without some more appropriate means for their care.

I am referring not only to old age pensions for those over 70 and other pensions for those between 65 and 70 and not only to the rehabilitation program. The sort of thing I am referring to has to do with the older person who has lost his employment, who has used up his regular benefits and his supplementary benefits, and for whom a job cannot be found. Even though we are trying hard, and with some success, to find jobs for older workers, some other means must be provided. I agree with that entirely. Some other, as I said yesterday, more appropriate means should be provided.

So far as Westville is concerned, I have mentioned one of those means. Another which is not so clear is what is going to happen to those who never took advantage of the labour benefits and for whom there is no provision at all. Well, Mr. Chairman, that was recognized here. For those long-term unemployed it was recognized and that is the reason we provided for a three-year period of grace, in the hope that the gap might be filled before the three years were up. As far as I am concerned, if perchance I am minister of labour three years hence, I shall certainly want to look at the picture again, if no more appropriate means is provided for them than there is at the present time, though I think there will be.

The hon. member for Kootenay West agreed with my expression of policy but with respect to part 3, as the hon. member for Winnipeg North Centre called it, he did not agree with the way in which it was put into effect. The main reason he did not agree with that was, if I followed him closely, on account of the point I have just been discussing. He said we were making a retreat because we were cutting down the long-term benefit period of the old act. I claim we are not making a retreat, because for the three years we are seeing to it that the people who are now insured shall receive just as good or better benefits in those three years as they would have received if the act had not been changed.

With respect to the point made by the hon. member for Digby-Annapolis-Kings, having to do with the appeal under the act, that he would like to see the matter settled on the decision of the local referees rather than having it finally go for appeal to the umpire, I was glad to hear his comments on the fairness and capacity of the local board of referees. The only reason the machinery set up a central umpire was to give, as in the veterans legislation and other legislation, the applicant one more opportunity to win his case by taking it to yet another appeal in the hope of getting more consideration. However, I shall be glad to have the point of view that he expressed presented to the committee when it meets.

I know, Mr. Chairman, that I have left a number of points unanswered, but I shall be glad to search *Hansard* during the Easter recess and try to rectify any omissions. But there is one point I have put off to the end, and that has to do with the extent of supplementary or seasonal benefits this year. From now on I shall call them seasonal benefits so as not to get it mixed.

Practically every hon. member who spoke referred to his concern about this winter. I can tell the committee that the government has also felt concern about this. I can remember that last year at this time many insured workers were on seasonal or supplementary benefits and were looking forward to April 15, realizing, as somebody put it, that there would be no more for them, that that would be the end. They were wondering what was going to happen.

I kept in close touch with things and to my surprise it worked out reasonably well. In other words the change-over was gradual, and apparently there was no serious hardship. I did not consider only what came to my attention; to some extent I went out to see if it was true. That was last year.

In the discussion yesterday some suggested that the supplementary period should start in December. Then I think someone suggested that the governor in council should be allowed to decide when it would end, based on the weather in any part of Canada. Others suggested that it should be extended beyond April 15 for longer or shorter periods.

I shall deal first with the suggestion that it start before the first of the year. I am sure that would be useful, but our experience has shown that the impact of summer and fall earnings carry over the Christmas holidays into a time after January 1, when for all unemployed some added resources are most useful. Therefore we believe that the first of the year is most appropriate as a starting point.

At this juncture I should like also to say that I am confident the dates of start and finish must be the same all across Canada. As Minister of Labour I would hate to be put into the position of having to recommend to the governor in council when each seasonal benefit period should end. I am sure there would be a great contest as to whether the storm which I believe happened the day before yesterday in Alberta was worse than the spring flood which probably will be coming along in a few weeks on the Grand river

and the effect of each on spring employment. It would be an impossible position for the government to have to decide those things each spring, based on the weather or the length of the winter.

Mr. Rowe: It is a fair weather government.

Mr. Gregg: Quite true. Having set the time, I think you must be fairly rigid. We were rigid at the beginning. We set the period as January 1 to April 1. Then we went on with the one-cent business which worked out a lot better than we thought it would. Then we cautiously put on another couple of weeks to the seasonal benefit period and said we would make it go to the middle of April. But it is obvious from what I presented yesterday, that under the new arrangement and by mopping up that one cent and in the general revision proposed, we feel that we can do something much more useful now.

Back in 1950 the supplementary benefits were tailored especially for Canada, for our heavy winter and the unemployment resulting therefrom. It was felt that we should deliberately place the weight of our benefits on the winter months. If the over-all structure of the act was sound in 1950, then it was realized that any benefits we concentrated on the winter season would have to be taken away from the year-round benefits if this one cent did not make up the difference.

It is important to remember also that a great number of the insured workers are in employment which rides along through the year with winter, spring and summer, making very little difference in the amount of unemployment in those industries. We had to be careful as to what was happening during the winter. Back in 1950 an estimate was made of the concentration of full resources which would be aimed at the winter. That might be called X. It was then a question as to how that quantity X could be handled most usefully and equitably during any winter. After our first extension it became evident that this X was a much more buoyant amount than perhaps was anticipated.

A few weeks ago I took some of these suggestions home with me, and on looking through them I was greatly pleased with what appeared to me to be a surprising effect upon this winter and future winters. After all if our X is a good-sized amount and it is broken down into various shares for the purpose of a worker getting through a difficult winter, it does not matter whether that amount is spread over three or four months, or whether it comes in two or three months, or in 15, 20 or 25 weeks.

[Mr. Gregg.]

Here is the point I think we overlooked when we rushed through the supplementary benefits in January. Let us take a worker who this year and last year accumulated—we do not need to go into the background—exactly the same seasonal benefits each year. Take the worker who is in receipt of regular benefits of $24 per week. Last year the seasonal benefits were roughly 70 per cent of $24, which amounts to $17. Last year the minimum number of weeks a worker could have in the seasonal period was six. I will ask the hon. member for Hamilton West to check me on this, but I believe that six multiplied by $17 gives a total of $102. That is the amount of X that that man could have last year, and it did not matter how it was spread out. This year that same man can get seasonal benefits for 10 weeks at $24 a week, which gives a total of $240.

I think this provides a good answer to the demand to extend the period. We have nearly trebled the amount of money paid in the same period, and after all that is what counts. In case anyone thinks I am giving a distorted picture by taking the top man, let us consider the man in the lowest category and see what he will get this winter. Last winter under our old plan the lowest paid married man could get 70 per cent of $4.80 per week; that was all. Last year during the seasonal benefit period he could get 3 weeks, multiplied by $3.60, which is 70 per cent, or $10.80.

This year he can get 10 weeks multiplied by $4.80 or $48, which in this case is five times better than it was last year.

I wanted to mention these things because we do not intend to extend the seasonal benefit period this year. As a matter of fact we could not extend the period unless we rushed this bill through and made it law by tomorrow. As the 15th of the month comes during the Easter recess I felt the house should have that much reassurance on behalf of those who formally come to the end of their benefit period on the 15th of April but in reality, due to the working of the machine the receipt of the last cheques will be spread over the last half of April and in some cases extend into May. I join with hon. members in expressing the hope that we might move into the spring period without any serious hardship in that regard.

Resolution reported, read the second time and concurred in.

Mr. Gregg thereupon moved for leave to introduce Bill No. 328, to amend the Unemployment Insurance Act.

Motion agreed to and bill read the first time.

Mr. Speaker: When shall this bill be read a second time; by leave, now?

Some hon. Members: No.

Mr. Speaker: Next sitting of the house.

SUPPLY

The house resumed, from Tuesday, March 29, consideration of the motion of Mr. Harris for committee of supply.

Mr. Speaker: May I go back a moment to the remarks I made which appear at pages 2523 and 2524 of *Hansard* of March 29. I would like to tell the hon. members for Acadia (Mr. Quelch) and Winnipeg North Centre (Mr. Knowles) that they are absolutely right in their contention that whenever amendments and subamendments have been moved on a motion to go into supply, members who have spoken to the amendment and the subamendment are entitled to speak again to the main motion. The citation I had in mind was No. 468 of Beauchesne, third edition, which referred to a ruling given away back in 1853, I think, in the British house and which perhaps applied at that time much more than it does now—certainly much more than it does now—because in those days there were hardly any amendments moved to go into supply. Now such amendments are moved, and since 1927 there have been even subamendments moved not only in this house but also over there.

If I had followed that line of reasoning I would have been hopelessly wrong; therefore I wish to straighten out the point. Theoretically the only four persons who have spoken to the main motion are the mover and seconder of the motion that the Speaker leave the chair for the house to resolve itself into committee of supply, and the mover and the seconder of the amendment to the main motion. On that point the rules say the seconders of both these motions may be precluded from speaking, but the Chair has always been very lenient towards those two members, and generally speaking whenever they wanted to speak I think they have been allowed to do so.

We are now drawing close to five o'clock. The hon. member for Fraser Valley (Mr. Patterson) had the floor when we concluded the last time. He is not precluded from speaking again if he so wishes because of the special circumstances which entered the debate on the last occasion, but if it is the wish of hon. members at the moment perhaps we might now start considering private bills.

Some hon. Members: Agreed.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 243, to incorporate Caledonian-Canadian Insurance Company.—Mr. Hunter.

Bill No. 280, to incorporate Victoria Insurance Company of Canada.—Mr. Hunter.

Bill No. 281, to incorporate St. Mary's River Bridge Company.—Mr. Nixon.

CRIMINAL CODE

AMENDMENT WITH RESPECT TO WATER POLLUTION

The house resumed, from Tuesday, March 29, consideration of the motion of Mr. Diefenbaker for the second reading of Bill No. 186, to amend the Criminal Code (nuisance).

Mr. A. M. Campbell (The Battlefords): Mr. Speaker, I am sorry the Minister of Justice (Mr. Garson) is not in his seat this afternoon because I want to make a few comments with regard to what he said on March 18.

In the debate we had last year the minister made what I thought was a good move when he suggested that an interprovincial water board be given power to control interprovincial rivers, or to control the pollution in interprovincial rivers. The meeting was called, as was suggested, and the other day the minister gave a report of what took place at that meeting. The result was that the provinces of Saskatchewan and Manitoba and the dominion government agreed to the setting up of this board, but the province of Alberta did not agree.

The minister, however, went on to give a report of what this meeting had done and the recommendations it had made. He said that the province of Alberta was controlling the situation at the present time. That is correct; that is the situation at the present time. But the people whom I represent are still worried. They wonder what would happen if at some time in the future the Alberta government should get a little bit careless, perhaps, and not look after this situation in the way it should. What have they to protect them from a recurrence of pollution? What protection have they? They simply have nothing, as far as I can see.

I want to support this amendment moved by the hon. member for Prince Albert because, in spite of what the minister said, I think it clarifies section 165 of the Criminal Code. I think it makes it clearer to anybody—especially to a person like myself, an

ordinary layman—that it is a crime to pollute the water of any interprovincial river. In speaking on March 18 the minister, as reported at page 2174 of *Hansard*, had this to say:

Having regard to the fact that in the Alberta provincial law and in the federal Fisheries Act there are provisions that prohibit the discharge of effluents and the placing of waste in the Saskatchewan river in Alberta—

I want to say something about the Fisheries Act because last year on February 5, I asked the Minister of Fisheries (Mr. Sinclair) this question, as reported at page 1812 of *Hansard*:

I should like to direct a question to the Minister of Fisheries. Will the minister have an inspection made of the fish life in the North Saskatchewan river to determine whether the pollution of the water in that river is killing or affecting the health of the fish in that river?

This is what the Minister of Fisheries said in answer to that question:

Mr. Speaker, I thank the hon. member for having given me notice of this question. There is no question that under the British North America Act legislative jurisdiction over fisheries rests with the federal government. However, by agreement with the government of Canada in 1930 the three prairie provinces took over the responsibility of administering their own natural resources, including fisheries. Since that date provincial officers enforce federal fisheries conservation laws. The federal government does not maintain any staff in those provinces for this purpose. Therefore the inspection of the alleged pollution of the North Saskatchewan river would primarily be the responsibility of the governments of Saskatchewan and Alberta.

There is no question whatsoever about the fact that the Fisheries Act which is enforced in those provinces by the provincial authorities contains sufficient authority.

I agree with that statement. But I would point out that if one province causes pollution affecting another province, the province affected has no protection. It does not matter which province it is that does it. It might be the province of Saskatchewan next time which would cause pollution and harm the province of Manitoba. Under this act the province of Manitoba has absolutely no protection whatsoever. I continue with the quotation from the minister's answer:

Perhaps if I just read subsection 2 of section 33 of the Fisheries Act, it will be seen how wide the powers are. Subsection 2 of section 33 reads as follows:

"No person shall cause or knowingly permit to pass into, or put or knowingly permit to be put, lime, chemical substances or drugs, poisonous matter, dead or decaying fish, or remains thereof, mill rubbish or sawdust or any other deleterious substance or thing, whether the same is of a like character to the substances named in this section or not, in any water frequented by fish, or that flows into such water, nor on ice over either such waters."

[Mr. Campbell.]

I want to point out that the wording of the amendment is quite similar to that of the Fisheries Act. The amendment reads as follows:

Every owner, lessee, or person operating any industrial plant, oil refinery, chemical works, sawmill or other plant or works, or any other person, who discharges or throws or allows to be discharged or thrown any noxious waste product, raw sewage, oil, sawdust, chemical or other matter or thing into a river, stream or other water any part of which is interprovincial or which flows into any interprovincial water, which has the effect of endangering the lives, safety, health or comfort of the public is guilty of

(a) an indictable offence and is liable to a fine of ten thousand dollars for a first offence and of twenty thousand dollars for a second offence, or

(b) an offence punishable on summary conviction.

As I said before, this amendment is quite similar to the Fisheries Act. It is quite evident that the Department of Fisheries considered that it was necessary to have in the act something which would prevent the putting in the rivers of anything that would harm the fish. It seems to me that if we are interested in the welfare of fish we should certainly be equally interested in the welfare and health of our people.

This question is not dead. It is still quite a live question in my province. Only a few days ago—on March 31, to be exact—in the Saskatoon *Star-Phoenix*, which is a paper that usually supports the government, there appeared an editorial which is headed "Unsound Case" and which reads as follows:

Who is there that does not agree with Mr. Garson that the best way to deal with pollution in interprovincial rivers is through co-operation of health authorities in the various provinces? But can Mr. Garson suggest what is to be done if one of the provinces refuses to co-operate?

At this point I want to interject that I am not accusing the Alberta government at this time of not co-operating. They are not co-operating as part of an interprovincial board, but I believe they are making a pretty good job of controlling pollution at the present time. The editorial continues:

That is the situation now with regard to the North Saskatchewan river which was polluted a year ago, to the great inconvenience of residents living along it. Manitoba and Saskatchewan are agreed on a joint commission which would have advisory jurisdiction over interprovincial waters in the western provinces. Alberta so far has not agreed to co-operate fully, although that province has pledged to control pollution within its borders by unilateral action.

Such a pledge is better than no agreement at all; but it is not as good as a broader arrangement which would cover every situation, as a federal law would do. Mr. Garson has always countered this argument by noting that any law prohibiting pollution of interprovincial waters anywhere in Canada would complicate the situation in eastern Canada. We gather by implication that he is saying that many interprovincial rivers in eastern Canada are now being polluted, and that to forbid

this would harass both industries and municipalities. If this is his point, then on this matter he is basing his argument on convenience rather than principle. Perhaps it does appear expedient to allow pollution of eastern waters to continue, but it is not wise in principle, as the future may demonstrate. The federal government would be on sounder ground if it faced up to this matter now, and undertook to control interprovincial waters with regard to pollution.

I do not believe the bill before us is a solution to the problem of pollution. Pollution has to be stopped before it starts if effective control is to be exercised. However, I believe the amendment might be a better deterrent than subsection 2 of section 165 of the Criminal Code. Perhaps, as the minister said, the penalty is too light; but I was sold on the suggestion made by the minister last year, as I have said before, that an interprovincial water board be given powers to prevent pollution. I think such a board could set up a licensing system that could control effectively what effluents and the amounts thereof could be discharged into an interprovincial river, and where pollution did take place such licences could be cancelled.

It is the feeling now of the provincial government and the people of the constituency I represent that the federal government should accept the responsibility of preventive control. This view is also held by many other people. Now that the Alberta government has refused to become a party to an interprovincial water board assuming control, where are we if that government falls down on the job? We in the province of Saskatchewan have to depend on the good offices of the Alberta government, and the people of Battleford are living in dread of a recurrence of last winter's pollution.

The Alberta government, while disagreeing with the idea of such a board, have stated that they will look after the problem themselves, and it would appear that they are doing so. But the people of Battleford remember the statement made to the delegation last spring by Dr. Somerville. I was a member of the delegation that went to the city of Edmonton. We interviewed Dr. Cross and Dr. Somerville and one of his engineers, and we also went to the plant. But one statement made by Dr. Somerville stood out and caused us considerable worry, and is still doing so. He said that the province of Alberta is being industrialized very rapidly. He said that industries are coming in at a tremendous rate, and it is going to be almost impossible to prevent pollution. He went on to suggest that the city of Prince Albert, the town of Battleford and the mental institution in North Battleford try to find a new source of water supply.

We were pretty much flabbergasted when Dr. Somerville made that statement, and that is the reason I am on my feet today. That is also the reason the people of my constituency are still worried. If industries continue to come into Alberta, and if an industry happens to be a borderline case—perhaps it will pollute the river and perhaps it will not—it may be that the Alberta government which, as I have already said, is doing a good job now, might be persuaded to take a chance and let that industry discharge effluents into the river, thus bringing about another period of pollution. I want to warn both the Alberta government and the federal government that the people along the North Saskatchewan river will not tolerate further pollution, and if it does take place strong pressure is going to be put on the federal government to take action. The federal government has now created a precedent by taking control under recent legislation of that portion of international rivers which lies within Canada. They can hardly refuse to accept the responsibility of looking after the pollution of interprovincial rivers and the health of the people of all the provinces concerned, especially the provinces of Saskatchewan and Manitoba, if the province of Alberta falls down on the job and does not see to it that pollution does not take place again.

Mr. Rowe: Mr. Speaker, may I adjourn the debate?

On motion of Mr. Rowe the debate was adjourned.

CANADA ELECTIONS ACT

AMENDMENT TO PLACE POLITICAL AFFILIATION OF CANDIDATES ON BALLOT PAPERS

The house resumed, from Friday, April 1, consideration of the motion of Mr. Thomas for the second reading of Bill No. 185, to amend the Canada Elections Act (ballot papers).

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, on Friday last I was dealing with the arguments raised by those opposed to the bill. One of them was that as members of parliament we had been elected as individuals rather than on a party basis. I did not spend any time dealing with the fact that all the election literature one finds floating around in an election year is concerned more with party policies than with individuals. I think that angle of the matter was dealt with very well by the hon. member for Winnipeg North Centre (Mr. Knowles).

However, I did point out that after we are elected to the House of Commons and come

here to sit as members we are segregated, so far as the seating plan is concerned, in political groups. In addition, each Wednesday *Hansard* contains a list of members together with their political affiliations, as does the alphabetical list of members which is published and distributed. I might also point out that the leaders are addressed quite frequently as the leader of the C.C.F. party, the leader of the Social Credit party, and so on, so there is no doubt there is recognition of the various political groups in the house.

When the Secretary of State (Mr. Pinard) was speaking the other day he dealt with the matter of the letter from the party leader stating which candidate was the official candidate of the party, and he said there would have to be a leader in order to have a candidate. Of course that is ridiculous, because if he had read the next two words, "if any", his argument would have been completely demolished. I might also point out that in practically all cases members of the House of Commons are nominated by fully authorized nominating conventions, and the leader's letter would simply ratify the decision of the convention. Therefore the argument that the leader himself would select the candidate seems to be pure nonsense, although the Secretary of State pointed out he was afraid that might be the case. He might be a bit worried about the dictatorial powers of the leader in his party, but we are not the least bit worried about that in ours.

Following the same line of argument, the minister said it would be impossible for an independent candidate to be elected to the house because of the letter required from the leader of a party. However, the bill contains a provision that if there is no letter forthcoming from a recognized leader, then the affiliation as set out in the nomination paper would suffice. I might say, too, that all the objections to the bill have been on the basis of technicalities or so-called errors. I assure hon. members that a great deal more consideration was given to the drafting of this bill than was shown in the arguments used against it. If it is a matter of technicalities, if it is a matter of wording, as has been pointed out by several hon. members opposing the bill, then I suggest we simply give this bill second reading and turn it over to the elections committee to make any minor changes they feel are necessary.

The hon. member for Dauphin (Mr. Zaplitny) suggested that rather than have the political affiliation set out on the ballot paper it would be more proper if it were placed on the nomination paper. I have no objection to it going on the nomination paper, and undoubtedly if this bill were passed the political affiliation would eventually appear on the nomination paper. The fact the political affiliation was on the nomination paper does not mean that the public would be aware of the political affiliation of the various candidates in the same way they would if it appeared on the ballot paper.

In closing, Mr. Speaker, I would simply say this. It is quite possible that members of the Conservative party and of the Liberal party might have some qualms about having their political affiliations placed beside their names on the ballot paper. I should like to say that I not only do not mind having "Social Credit" placed opposite my name, but I am mighty proud to have it associated with my name.

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

YEAS

Messrs:

Blackmore
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Coldwell
Ellis
Gagnon
Gillis
Hansell
Herridge
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Low
McCullough (Moose Mountain)
McLeod
Nicholson
Quelch
Regier
Thomas
Winch
Zaplitny—25.

NAYS

Messrs:

Aitken, Miss
Applewhaite
Arsenault
Ashbourne
Balcer
Balcom
Batten
Bell
Benidickson
Bennett
Blair
Blanchette
Boisvert
Bonnier
Boucher (Chateauguay-Huntingdon-Laprairie)
Bourget
Bourque
Breton
Brisson
Brown (Essex West)
Cameron (High Park)
Cannon
Cardin
Caron
Carrick
Cauchon
Cavers
Charlton
Churchill
Clark
Cloutier
Crestohl
Croll
Dechene
Denis
Deschatelets
Deslieres
Dinsdale
Drew
Dumas
Dupuis
Enfield
Eudes
Eyre
Fairey
Ferguson
Follwell
Forgie
Fraser (Peterborough)
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Portneuf)
Gingras
Gingues
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hamilton (Notre Dame de Grace)
Hamilton (York West)

Hanna
Hardie
Harkness
Healy
Hellyer
Henderson
Henry
Hodgson
Hollingworth
Hosking
Houck
Howe (Port Arthur)
Huffman
Hunter
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Gaspe)
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
Macdonnell
MacKenzie
MacNaught
McBain
McCann
McCubbin
McCulloch (Pictou)
McDonald
McGregor
McWilliam
Marler
Martin
Masse
Matheson
Meunier
Michaud
Michener
Mitchell (London)
Monette
Monteith
Montgomery
Nesbitt
Nixon
Nowlan
Pallett
Pearson
Philpott
Pickersgill
Pinard
Pommer
Pouliot
Proudfoot
Prudham
Purdy
Ratelle
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Richardson
Robertson
Robinson (Bruce)
Robinson (Simcoe East)
Rowe
Roy
St. Laurent
Schneider
Shipley, Mrs.
Sinclair
Small
Smith
Stanton
Starr
Stuart (Charlotte)
Thibault
Tucker
Tustin
Weaver
Weir
Weselak
White (Hastings-Frontenac)
White (Waterloo South)
Winters—152.

Mr. McIvor: Mr. Speaker, I was absent on duty. Had I been present, I would have voted right.

Mr. Speaker: The public and private bills having been disposed of, the house will now resume consideration of the business which was interrupted at five o'clock.

SUPPLY

The house resumed consideration of the motion of Mr. Harris for committee of supply.

LAW ENFORCEMENT

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, in rising to present a grievance to this house on the motion to go into supply, I should like to say first that in general law enforcement is not the direct concern of this house; it is primarily the concern of the provincial and municipal authorities. However when the action, or rather the inaction, of a federal department results in a set of conditions under which certain illegal activities are carried out by those who do not appear to be Canadian citizens, the time has arrived for the situation to be brought to the attention of the house so that some action may be taken.

Since my grievance concerns the continued presence in Canada of non-Canadians of questionable character it is obviously the responsibility of the Department of Citizenship and Immigration. This department must accept the responsibility for not having dealt with United States gamblers and big-time bookies who have operated in Canada for the past two years without interference save by municipal authorities. Before I have finished this presentation I shall name names and cite cases to document this charge.

The basis of the invasion of Canada by these United States racketeers goes back to the Kefauver investigation in the United States. Following that investigation United States syndicates which had been there disclosed began to move into Canada and located themselves in Montreal in 1952, because the United States government had passed a law requiring all bookmakers to register, pay a fee of $50 and keep elaborate written records of all their transactions. Severe fines and penalties were provided for those who disobeyed these regulations.

Since it is obvious that operations of this kind do not flourish under any kind of regulation or restraint, and these conditions were making it most difficult for them to operate, the bookmakers in search of a more favourable climate turned to Canada. They could locate where they wished, because as far as convenience in carrying on their business is concerned it might be noted that the practice of bookmaking requires little more than a telephone and an office. A bookmaker operates on a split second schedule. In the United States his principal method of communication is the leased wire service, but here in Canada he depends upon the long distance telephone. In one case to which I shall refer subsequently it is stated that the long distance telephone bills of one organization which was uncovered amounted to something over $6,000 a month.

Since I am here making reference to telephone service in Canada I should point out in all fairness that it is almost impossible for the Bell Telephone Company to stop the illegal use of its lines and equipment unless that is reported upon by the police authorities. They are legally obliged to give these services wherever possible and whenever anyone requests them. In applying for the service the applicant must state that he proposes to

use it for legal purposes. On February 22, 1955, I asked the following question of the Minister of Citizenship and Immigration (Mr. Pickersgill):

Since Montreal police have confirmed that a large number of notorious American thugs have entered Canada illegally and are currently resident in and around Montreal, is there no process by which the Department of Citizenship and Immigration can locate and deal with such undesirables?

The minister replied as follows:

Mr. Speaker, just before I came into the house I received a notice from the hon. gentleman that he was going to ask the question he has just put in the house. I anticipated a question of this nature. Like the hon. member for Notre Dame de Grace, I had advice of the report in the Montreal *Star*. I made immediate inquiries of the appropriate officials of the department.

Then later:

I am advised that somewhat similar reports were brought to the attention of the R.C.M.P. and the immigration branch of the Department of Citizenship and Immigration, and that an investigation has been under way for some time to see whether there has been any violation of the laws which the federal government has the responsibility of enforcing; and that, of course, includes the Immigration Act.

I do not think there is anything useful I can add to this answer until this investigation has been completed.

That was over five weeks ago. The fact that the minister could give an answer such as that at that point indicates almost unbelievable inefficiency in the way he operates his department. In the first place the men to whom I referred had at that time been in Canada for approximately two years, during the greater portion of which their presence in this country had been to say the least rumoured and discussed. Yet the minister made no inquiries whatsoever about them until I raised the point in this house; at least that was the purport of his answer.

The basic point at issue is whether or not the minister and his officials should have been aware of this illegal activity some considerable time before I raised the matter in the house. I submit that they certainly should. Besides having been a matter of discussion around Montreal for some two years the whole situation had been a matter of public record in Montreal for almost two months before the minister, prodded by my questioning, even said he would look into it. I should like now to present him with a little evidence in support of this complaint.

A raid by the Montreal police on January 1, 1955, at 1421 Bleury street revealed the existence of a gambling establishment with nine telephones, along with telephone bills, betting slips, racing publications and typewriters. This is the establishment to which I referred earlier with telephone bills averaging $6,000 a month. In its issue of January 5, 1955, the Montreal *Herald*, in addition to giving the previous information, had this to say:

Details of the operation have remained secret although the identity of many of the American gamblers handling the business is commonly known. The move to Montreal came largely as part of an attempt to avoid the attention of American federal law enforcement agencies where interstate transactions were involved.

The same story dealt at some length with a raid on Tuesday, January 4, 1955, on the offices of an organization called the Seaway Construction Company, located on Stanley street in Montreal. A Mr. Camille Joseph was arrested in this raid, and the story contains this interesting statement referring to Mr. Joseph:

Detectives said he claimed to come from San Antonio, Texas.

I have had somebody look further into this case and am informed that certain claims were made that this man is an American and certain claims were made that he is a Canadian. However, these reports identify him as an American. The January 6, 1955, issue of the Montreal *Herald* contains an article indicating that local gambling activities have been partly discontinued, but there is the following paragraph regarding those which have continued:

Main gambling activities here lately have been the American lay-off operations—underwriting the bets of American bookies by long distance telephone—and the chartered gambling clubs, legal as long as they observe certain rules.

We now see that some two months before my question in this house it became a matter of public record in Montreal that there had been American infiltration into this illegal field. Yet at the time of my asking my question it was obvious that the minister knew nothing about the situation, even though his department had been conducting an investigation for some time—and I quote from the minister's reply—

—to see whether there had been any violation of the laws which the federal government has the responsibility of enforcing; and that, of course, includes the Immigration Act.

I suggest that this is one case to start with, where if the minister and his officials were on their toes they would have dealt with the offender properly and been in a position to report to this house when the question was raised.

Let us now turn to the situation as it existed on February 22, when the question was raised in the house. Through a newspaper story which appeared in the Toronto *Telegram* of that date I propose to show that

more than adequate information was available to permit the Department of Citizenship and Immigration to deal adequately with the situation either on or before that date. I use the newspaper story, first because it is a matter of public record and second because if a working newspaperman could procure the information contained in this story it could surely have been procured by the government through the extensive facilities and resources of the Department of Citizenship and Immigration and the Royal Canadian Mounted Police. The story is headlined, "United States Gang Set Up Headquarters in Quebec" and it carries the byline of Jack Macbeth.

As I said, I propose to put this story on the record not so much to bolster my facts as to show in the first place the information which was available to the department, and second to show what an ordinary newspaperman—a working newspaperman, because no newspapermen are ordinary—could find out through his own efforts. The story reads—

Mr. Pickersgill: Mr. Speaker, on a point of order, as this story was denied, I believe, by the chief of police in Montreal in the newspapers the following day, I wonder—

Mr. Rowe: How do you know; you have not heard the story?

Mr. Pickersgill: According to the newspaper reports the following day it was denied, and I am wondering if this is not a little irrelevant.

Mr. Rowe: You have not heard it yet.

Mr. Pickersgill: I read it.

Mr. Rowe: You are anticipating it.

Mr. Hamilton (Notre Dame de Grace): The interjection of the minister, Mr. Speaker, will be dealt with in due course. I think he would be well advised to read the Montreal newspapers much more carefully both before and after any event.

Mr. Speaker: The minister rose on a point of order. An hon. member who is interrupted on a point of order may explain, and that is what I expected the hon. member to do. I feel, however, that I must now intervene to dispose of the point.

Mr. Hamilton (Notre Dame de Grace): I can explain—

Mr. Speaker: Will the hon. member please explain?

Mr. Hamilton (Notre Dame de Grace): Certainly. This is interesting, because I have a reference to it in my notes. The following day the Montreal *Herald* carried a follow-up on this particular story. Various newspapers carried different versions of statements of Mr. Pacifique Plante, assistant director of the Montreal police department. However, let it be said that the next day, that is February 23, the *Herald* story quoted Mr. Plante as saying:

> I had information—reliable information—weeks ago that five groups of American gamblers were operating in the suburbs.

Later on in the same story he is quoted as saying:

> On Bleury street they were doing a business of perhaps $1 million a week. That is my estimate. Perhaps I am wrong. Their phone bill alone was $10,000 a month.

I could go on and read one or two more quotations, Mr. Speaker. While the minister may feel he has a point, I have read the following story quite clearly and carefully and if I had it here, which I do not, I think I could say there is much uncertainty as to what Mr. Plante actually did say.

I might say further, Mr. Speaker, that the point of order is irrelevant to a degree because I was attempting to show what information was available and in the hands of the working press and those who investigated this situation.

Mr. Speaker: Well, the point obviously is this: that the hon. member, being entitled to make a speech, is supposed to express his own views, and in putting his case forward at the moment he is attempting to substantiate what he intends to argue by reading newspaper articles. The minister rose and said, "You quoted from one article but there is another one I know of which challenges what you are about to quote."

Now, what are we going to do in this house if one hon. member in making his speech is going to base his arguments on the views expressed by others in newspapers, if other members feel the need to quote from other newspapers in order to contradict the newspaper article which was used by the first member? If the hon. member wishes to put his own views forward I think he is quite entitled to do so and no one will stop him; but whenever he says, "I want to prove my point by what a newspaper said," he is bringing in an outside witness.

What facilities do we have to ascertain the accuracy of stories that are written in newspapers? There is no way of ascertaining their accuracy. The hon. member must put forward his own views and must take the responsibility for them. If he wishes to take the newspaper article as a basis for his argument he might make a passing reference to it and in that way take the newspaperman

as an ally, but I suggest he should paraphrase what the newspaper said. If in attempting to advance his argument he is going to make a review of the press on that particular point, then contradictory articles will be introduced and we will have an argument between two members who are quoting newspapers one against the other. Argument in this house should be as between members and not as between newspapers despite the fact that newspapermen, as the hon. member has said, are not ordinary people.

Mr. Hamilton (Notre Dame de Grace): In view of the hour, will you call it six o'clock?

Mr. Speaker: As it is six o'clock we will adjourn, because we go into ways and means at eight o'clock and it might be preferred that the hon. member adjourn the debate now.

Mr. Hamilton (Notre Dame de Grace): I shall adjourn the debate.

On motion of Mr. Hamilton (Notre Dame de Grace) the debate was adjourned.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. W. E. Harris (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Before I proceed with my remarks, Mr. Speaker, I think I ought to draw attention to the fact that it was 81 years ago this week that the first Liberal finance minister presented his first budget. Since Sir Richard Cartwright there has been a long succession of distinguished predecessors of mine: Fielding, Robb, Dunning, Ilsley and my immediate predecessor, Mr. Abbott.

Mr. Rowe: There have been some others.

Mr. Harris: My hon. friends opposite have their traditions also. They have had distinguished gentlemen in this portfolio. I mention only a few: Tilley, Tupper, Foster and, more recently, Sir Thomas White. At this point I should like to pay my respects to the memory of Sir Thomas White who was, as everyone knows, the finance minister in the first world war. He has just recently passed from us full of years and honours which were richly deserved for the service he gave to his country.

[Mr. Speaker.]

In presenting the ninety-first budget since confederation, Mr. Speaker, I have followed the practice of the last few years in placing before hon. members a white paper which contains the facts and the figures with respect to the accounts of the past year. With this white paper before you it will not be necessary for me to go into any great detail about the accounts for the time being. However, I wish to make a general survey of the economic conditions of the country and of the accounts of last year. In doing so I crave the indulgence of hon. members, who may recall that on occasion I have expressed certain views about the length of speeches in the House of Commons, because I am now obliged to break the rule that I have heretofore tried to observe.

THE INTERNATIONAL POSITION

I should like to begin with a short review of the international scene as it affects our budgetary problems.

On the political side, 1954 was a year of constructive achievement, although our hopes of realizing a permanent and stable peace continued to be disappointed. In Europe there was some easing of tensions as further improvement was made in the political and military strength of the Atlantic alliance. Hostilities in Indo-China were brought to an end and a number of countries in south and southeast Asia made additional progress in their program of economic development. Despite these improvements, however, the world situation, particularly in the Far East, remains troubled and uneasy, and it is abundantly clear that the free world cannot yet afford to relax its efforts to build up their defences.

We must therefore continue to expect substantial expenditures for this purpose.

In economic matters abroad, 1954 was in most respects a good year. In the United States, economic activity, after receding from the peak level of 1953, began to turn up in the last quarter of the year and has continued to improve since that time. This progressive improvement in the United States has been a very heartening development, not only to us but to all friendly countries.

Another encouraging feature of the past year has been the continued expansion in production in most overseas countries of the free world, particularly the United Kingdom and western Europe. As post-war shortages have been overcome, most of the controls and restrictions which distort production and hinder basic adjustments have been abandoned. This has undoubtedly helped to bring

about the improvement which has occurred both in productive investment and in living standards.

There has been a welcome easing of restrictions on international trade and payments. The United Kingdom has continued to give a constructive lead on these matters by relaxing quotas and licensing requirements, reducing discriminations against dollar imports, easing exchange restrictions and reopening commodity markets.

There is still, of course, a long way to go before the goal of full convertibility and truly liberal trade arrangements is attained. A number of countries still face formidable inflationary problems and balance of payments difficulties, and some succeed in balancing their external accounts only with the help of large amounts of United States offshore purchases and other forms of aid. However, substantial inroads have been made on entrenched restrictions and there is growing recognition that domestic inflationary pressures must be contained if international balance is to be achieved and maintained. In this connection, it is encouraging that the recent set-back in the steady progress made by the United Kingdom during the last few years in rebuilding her international reserves has not been dealt with by imposing new restrictions, but in other, and better, ways.

In helping countries to restore stability in the post-war years, to expand production and to increase their international trade, no nation has played a more constructive role than the United States. As every member of this house is aware, the success that has already been recorded is due largely to generous and farsighted American policies. In the past twelve months, however, while there was no basic change in American policies, there was a disappointing lack of progress toward actual reductions in trade barriers and there were disconcerting signs of a revival of protectionist feeling in response to the increase in competitive conditions.

I should remind the house that the United States administration has resisted proposals which, in our opinion, would not advance the cause of friendly and mutually advantageous trade. This resistance we welcome. On the other hand, it must be confessed that the resistance has not been uniformly successful. We all have our difficulties and it is not always possible to achieve ideal solutions. But it must be recognized that actions taken or even implied by the government of the United States may weaken support for liberal commercial policies and may impose upon those of us who are firm supporters of such policies a greater burden in defending them in our own countries. One country cannot attempt to get the maximum benefit at the cost of the minimum adjustments without creating a desire in other countries to achieve the same result. There must be a reasonable give and take in any durable trade relationships, whether under the GATT or under any other system.

It is of the utmost importance for the future of international economic co-operation that the United States should continue to give positive direction and leadership in reducing barriers to the free flow of world trade.

We in Canada will continue to play our part in any further steps that are taken to promote these objectives. As one of the world's great trading nations, it is clearly in our interest to encourage overseas countries to earn dollars in order that they may be able to buy our exports, which are the source of over one-fifth of our income. If we are to maintain our standard of living and use our resources and skills to best advantage, we must be prepared to permit other nations to do the same. Markets everywhere are becoming more competitive, but as an important exporting nation we must continue to look very carefully at all proposals involving government protection and aid. The effects of the higher costs resulting from artificial assistance in one form or another would have to be borne by the Canadian consumer in the form of higher taxes and higher prices and, even more important, by the Canadian producer for export in the form of lost markets overseas and lost employment here.

We should be particularly careful about impeding imports from countries whose trading position was impaired by the war, countries which are now dismantling their discriminatory restrictions against our exports and which can be expected to buy still more from us as long as we do not prevent them from earning the dollars with which to do so. With such considerations as these in mind, the government has studied the recent report of the tariff board relating to our tariff on British woollens. We have decided that even though sections of our own industry are experiencing difficulties it would not be wise to increase the tariff. While the relatively low level of our present rates may have contributed to the difficulties of certain sections of the industry, there are, as the report emphasizes, many other factors at work, including changes both of consumer preference and of technology. It seems clear that no change in the tariff, such as was proposed to the board by the industry as a minimum requirement, would solve the basic problems that currently beset the Canadian woollen and worsted manufacturer.

Our trade relations with most of the outside world continue to be governed by the general agreement on tariffs and trade. This agreement, I believe, serves our interests far better than a series of separate individual trade agreements with all the other contracting parties and it is, of course, infinitely better for us than the chaotic trade warfare that might take place if there were no trade agreements at all. The articles of the general agreement were the subject of close scrutiny during a long conference this winter in Geneva and a number of amendments were provisionally agreed upon there.

These negotiations were under the personal direction of my colleague the Minister of Trade and Commerce (Mr. Howe), and I am sure we all agree that there is no one better qualified to conduct such negotiations on behalf of Canada. He has reported to the house that the revised GATT is greatly to be preferred to no agreement at all, and that it will continue to be in Canada's interest to adhere to it. In this connection I can now announce that we propose to join with others in the general rebinding of tariff schedules as from July 1 of this year.

DOMESTIC ECONOMIC CONDITIONS

I turn now to our own domestic circumstances and prospects. It is not an easy matter to generalize about the course of economic events last year, or about the probable trend for the immediate future.

In the fall of 1953 it began to be apparent that the year by year expansion of the Canadian economy which has been so conspicuous a feature of our post-war development was slowing down. Nevertheless it was felt at that time, and the record of 1954 shows that this belief was well founded, that the basic strength of our economy was not in question.

There were some people who feared a major economic downswing. This fear was based, I suppose, on the thought that the decline in production which was then taking place would inevitably spread from one industry to another by a sort of contagion of falling confidence exerting its adverse influences on wider and wider circles of the economy. In fact, no such contagion or acceleration of the forces making for weakness occurred.

By and large, the principal declines in the Canadian economy have stemmed from the small western grain crop, reductions in business spending on new machinery and equipment, and lower purchases by consumers of the more durable kinds of goods. All these reductions were from levels which had been unusually high by any standard of comparison. The lower expenditure on capital equipment and consumer durables was largely, but not wholly, offset by new records of production in our lumber, pulp and paper, mineral and petroleum industries. The net result was that our gross national product in 1954, estimated at $24 billion, was 2 per cent, or $400 million, below 1953.

In dollar terms the sharp decline in the grain crop was equal to the total decline in the gross national product, and in addition its effects permeated all other sectors of the economy. For example, loans under the Farm Improvement Loans Act, which are a good indicator of farm equipment sales, fell from $98 million in 1953 to $62 million in 1954. Retail sales on the prairies in the last half of 1954 were 7 per cent below the same period of 1953 while in the rest of the country they were slightly higher. The small western harvest thus contributed both directly and indirectly to our lower gross national product. Apart from the three prairie provinces, however, agriculture had a good year, and farm cash income was moderately higher than in 1953.

On the industrial side, it is necessary to remind ourselves that unevenness in the rate of growth, as well as adjustments within industries, are more characteristic of an expanding economy such as ours than of a mature or static economy. In recent years we have become so accustomed to big improvements in production that even a minor reversal of the trend is apt to cause more concern than the situation warrants. In a real sense, of course, such changes are partly the result of the very rapid expansion of earlier years, as well as the result of a changing external situation.

As I said a moment ago, the principal declines in the industrial sector were in capital equipment and consumer durables, and these, in turn, were reflected in reduced activity in the primary iron and steel industry. The output of metals and minerals, however, continued to grow, supported by strong markets at home and abroad. The output of oil and other petroleum products increased at an impressive rate, giving more employment and enabling us to reduce our dependence on external supplies. 1954 was also a record year for lumber, woodpulp and newsprint. Employment in trade, in finance and in other service industries also continued to grow. The improvement in this last group of industries is not featured in the headlines, but it employs about one-third of the total labour force of Canada.

Perhaps the principal sustaining factor behind the demand for goods and services in 1954 was consumer expenditures. The increase was from $15,100 million to nearly

$15,600 million, or slightly more than 3 per cent. The continued confidence of consumers in their economic future is important since their decisions to spend or not to spend can spell the difference between expansion and contraction for many of our industries, and, of course, for the economy as a whole.

I should note at this point the important role played by our federal welfare and income maintenance policies. During the past year almost $1,200 million was paid out in veterans benefits, family allowances, pensions or assistance to the old, the disabled and the blind, and in unemployment benefits.

In 1954 more than 100,000 families decided to build or acquire new housing accommodation, involving an increase of 10 per cent in the number of housing starts during the year. The new provisions of the National Housing Act helped them to finance their plans. Of course this increase in consumer expenditures and in housing starts was supported by the growth in population and by an increase in the total of personal incomes, largely in wages and salaries.

The increase during 1954 of 405,000 in our population is especially worth noting. It is as if we had added one new Vancouver or 20 new Guelphs to our country. It may be that some small part of this increase in population had its reflection in our total unemployment; but I am certain that if we had not had this increase—both native born and immigrant—we would have had relatively less employment and been a poorer country.

Defence spending also remained high throughout 1954 although there was a decrease of about 8 per cent compared with the previous year. However, an increase in the non-defence expenditures of the federal, provincial and municipal governments almost exactly offset the defence decline in the total demand for goods and services.

New capital investment in plant and equipment continued at a high level and, if we include housing also, constituted nearly 20 per cent of the total national product. However, for the first time in the post-war period there was a small decline in total new investment, amounting to about $300 million or about 6 per cent. Investment in new plant and equipment declined by nearly $400 million, but the amount of new housing construction increased by about $100 million. I shall revert to this question of capital investment a little later.

Exports continued to support a high level of production and to give encouragement to plans for the further expansion of many of our primary industries. The experience of 1954 confirms the view that Canada has the potentialities for producing efficiently and cheaply a larger output of many of the basic commodities which the world needs. Although total exports were some 5 per cent below the level of the previous year the decline in the sales of wheat and flour is largely responsible for this change. Moreover, the past four months have seen an encouraging reversal in the trend of our total export sales. In these four months exports have been $107 million, or 8½ per cent, above the figures for the same four months a year ago. Wheat and flour exports have improved; pulp and paper were up 10 per cent; non-ferrous metals 25 per cent; lumber 40 per cent; and chemical products 50 per cent.

Imports fell by a little more than exports so that the small deficit on merchandise trade in 1953 was replaced by a small surplus last year. Taking the non-merchandise transactions into account as well, there was a deficit in Canada's international transactions on current account of $427 million, or about $12 million less than last year.

Large amounts of foreign capital, chiefly from the United States but also in good volume from British and European sources, continued to be invested in Canada in 1954. Direct investment inflows were down somewhat on the year, and new issues by Canadians on United States security markets fell quite noticeably after the first quarter of 1954. On the other hand, non-resident purchases of outstanding Canadian shares were distinctly higher.

Net capital movements, on balance, were more than sufficient to cover the current account deficit. Official reserves of gold and U.S. dollars rose during 1954 by $124 million to $1,942 million. The rate of exchange of the Canadian dollar was, on the average, slightly higher in 1954 than in the preceding year. As hon. members are aware, the Canadian dollar rate has declined again in recent months.

There has been no change in the policy of the government to allow the rate of exchange to be determined by the sum total of the forces operating in the exchange market, including of course the influence of fiscal and monetary conditions. The resources of the exchange fund are not used to reverse persistent trends but only to contribute to orderly conditions by limiting excessive short-run movements in either direction which might otherwise occur.

No appraisal of the economic situation could avoid some reference to the revival of international competition. So far as the basic industries are concerned, most of our producers have proved quite capable of maintaining and even increasing their markets at

home and abroad. However, some of the secondary manufacturing industries have lost ground in export and domestic markets to their competitors. I mention this to illustrate the point that the difficulties which some industries are facing today are not the result of any general decline of demand, but of a new situation applicable to the industries concerned and in large measure capable of correction by those industries. Clearly these are situations which cannot be corrected by government. What is needed is resourceful efforts by management and labour to meet that competition by reduction in real costs and the improvement of quality and efficiency—all of which I firmly believe Canadian management and labour can provide.

Canadian production and employment last year was, of course, adversely influenced by the recession in the United States. Our economic relations with that country are too significant for Canada to remain unaffected when the American economy is going through a period of readjustment. Fortunately, those conditions are beginning to disappear.

In the United States the new year got off to a good start and I note that there is a widespread belief in that country that the present expansion of production will continue. This is already reflected in our exports to the United States. The continuation of prosperous conditions in western Europe and in commonwealth countries, together with better prices for many of the industrial raw materials which count so heavily in our exports to these areas, supports the belief that total exports will continue to expand in the year ahead.

The second important ingredient of further expansion exists in the program for the construction of new capital facilities. The present intentions of individuals, business and governments in this respect were summarized in a white paper tabled by my colleague the Minister of Trade and Commerce, a few weeks ago, which indicates a 6 per cent increase in 1955 over 1954. Quite apart from the extension of capital facilities in the industrial and commercial sectors of the economy it is to be observed that new investment for the development of natural resources is going on apace, despite the completion of some of the more spectacular developments which have captured our imagination in recent years.

There should also be an increase in construction activity in the season now beginning. Indeed, it is clear to all of us that alongside the pushing back of the physical frontiers of our country there is also taking place an expansion of urban facilities which is simultaneously making Canada a land of large cities. This trend toward metropolitan development creates special problems of its own, but it is undoubtedly expanding the demands upon the products of industry and for the employment of our people.

Our fiscal and monetary policies will continue to be directed towards the encouragement of enterprise, investment and employment. I shall speak of fiscal policy in a moment. As for monetary policy, it has been definitely expansionist in character. Through 1954 the cash reserves of the chartered banks were more than sufficient to enable them to meet the demand for loans. The banks were therefore in a position to purchase government securities in the market on a substantial scale and thus add to the money holdings of the public. This and other influences brought about a considerable reduction of interest rates in Canada and rising security prices, which have made it easier to finance capital and other expenditures by borrowing or by converting securities into cash. I may add that interest rates in Canada have declined somewhat since the beginning of 1955 while rates were tending to rise in the United States and elsewhere.

Government expenditures will continue to provide a substantial support to production and employment in the year ahead. Total expenditures on defence will not differ much from last year. The construction of the St. Lawrence seaway and power development will require large expenditures this year, and will stimulate production in other industries. In addition, of course, the so-called "built-in" supports to production and employment through government payments of pensions, family allowances and other welfare payments will continue to expand in line with the growth in population. Provincial and municipal expenditures are expected to increase. It is also reasonable to assume a normal grain crop this year, with a resultant stimulus to purchasing power in rural areas.

These estimates of future demand, imperfect and rough as they must be, confirm my feeling of confidence for the coming year. They indicate an active year for production, which will be reflected in increased incomes and employment, and a further increase in consumer demand can be confidently anticipated. All in all, then, I feel justified in counting upon an increase in the total national product in 1955 of something better than a normal rate of growth. Assuming normal crops, and if no unforeseen adverse events occur, I would expect our gross national production in 1955 to exceed 1954 by 5 or 6 per cent: that is, it should reach $25¼ billion or perhaps just a bit more, and on that figure I shall base my revenue forecasts.

GOVERNMENT ACCOUNTS, 1954-55

I turn now to a brief survey of the government accounts for the fiscal year which ended last week. These are set out in considerable detail in the white paper. I should, of course, remind hon. members that our books of account will not be finally closed and audited for some time, and that the figures which I use tonight are subject to revision.

Subject to these qualifications, the results for the year can be stated briefly. Our total budgetary revenues were about $4,107 million, our expenditures about $4,255 million and the deficit for the year was about $148 million.

Revenues at $4,107 million were about $360 million or 8 per cent less than the forecast of a year ago and about $290 million less than we collected in 1953-54. Customs, sales, and excise duties and taxes, and non-tax revenues have all fallen slightly short of expectations. However, corporation income tax collections which were $190 million less than expected and personal income tax receipts which were $60 million less than expected were the two principal factors contributing to the over-all shortfall. Corporate profits were substantially lower than had been expected at the time of the last budget.

In his budget speech last year my predecessor projected a scale of expenditures and revenues that almost exactly balanced. He made it clear, however, that his projection was based upon two assumptions—normal crops and an early resumption of our normal rate of industrial expansion. He said explicitly that if these conditions did not materialize there would be a deficit of 2 or 3 per cent. Well, as hon. members know, we had a poor wheat crop, the poorest in 17 years, and the resumption of a normal rate of industrial expansion has been slower than we had hoped. As a consequence we have a deficit equal to 3½ per cent of our expenditures.

Expenditures last year amounted to $4,255 million. This was $205 million or 4½ per cent less than forecast and $95 million less than the total spent in the previous year. Expenditures for defence amounted to $1,700 million. Although this was $160 million or 8 per cent less than in 1953-54, it still constituted 40 per cent of the total budgetary outlay. Civil or non-defence expenditures amounted to about $2½ billion. About $775 million or 30 per cent of this was for family allowances and other health, welfare and social security services, and veterans' benefits. In addition, we paid out about $350 million from the old age security fund. Interest and other charges for servicing the public debt amounted to over $500 million or 20 per cent of the total, and subsidies and tax rental payments to provinces were $360 million or 15 per cent. In brief, two-thirds of all our civil expenditures were for welfare and social security services, public debt charges, and provincial subsidy and tax rental payments.

As usual, in addition to these expenditures for government services which are included in the budgetary accounts, we made substantial loans and advances and provided large sums for a variety of other authorized and essential purposes. I should like to say a word about these non-budgetary transactions and their effect on our cash position.

During the fiscal year non-budgetary disbursements amounted to $290 million. To meet them, $490 million was available from non-budgetary sources of which $205 million came from the various annuity, insurance and pension accounts which the government holds and administers, and $220 million from the repayment of loans and advances.

After taking into account the budgetary deficit of $148 million and the net balance of $200 million available from non-budgetary transactions, some $50 million was available for debt reduction. By using this amount and by drawing down about $150 million of the large cash balances we held at the beginning of the year, the funded debt in the hands of the public was reduced during the year by $200 million.

The government's public debt operations during the past year have again included the redemption or refinancing of a large volume of bonds. The redemption of the third and fourth victory loans, amounting to $2,000 million, involved the two largest refunding operations in our history. Net sales of Canada savings bond series 9 amounted to $767 million, and represented the largest net increase in savings bond holdings by the Canadian public in any year since this type of security was introduced nine years ago. During the year there was a net increase in the amount of treasury bills outstanding of $240 million reflecting the government's desire to develop a more active Canadian market for short-term securities. Apart from the refunding of treasury bills which matured periodically, the total of new securities issued was $4,610 million and we redeemed matured or called securities and acquired others for our sinking fund and securities investments accounts to a total of $4,810 million. In consequence, as I have pointed out, we were able to reduce our unmatured funded debt outstanding in the hands of the public by $200 million.

Interest rates declined during the year. Early in 1954, long-term government of Canada bonds were selling to yield about 3·75 per cent. During the past two months the

rate has been under 3·20. Treasury bill rates also declined. A year ago the rate on three-month bills was around 1.60 per cent. Currently this rate is about 1.15 per cent. The average rate of interest on the government's entire funded debt was 2.86 per cent a year ago. Now it stands at 2.74.

FEDERAL-PROVINCIAL RELATIONS

Federal-provincial relations are currently a matter of particular interest and concern. They are one of the most important problems facing us as a nation today. I do not propose at this time to review them in detail, or to suggest any revisions or alternatives to our present arrangements. We will be meeting with the provincial representatives later this month, preliminary to a full federal-provincial fiscal conference later in the year. We, on our part, will be coming to these meetings with open minds, and I do not wish to prejudge the issues and the problems we shall then be discussing.

Government in a federal state is an extremely complex matter, and in no field is this truer than in federal-provincial financial relations. Various provincial spokesmen have from time to time expressed views on these questions. Some have proposed larger payments by the federal government to the provinces; others have asked that the federal government take on additional responsibilities, or contribute substantially to their cost. Some have pressed for a return to what they believe to be the original intentions of the framers of our constitution; others have advocated a formal reallocation of financial powers and responsibilities.

I find it difficult to envisage any reallocation of taxing powers or more precise definition of sources of revenue that is likely to meet all future contingencies. If that is the case, there is much to be said for medium-term agreements, freely entered into, and subject to renewal or reconsideration at regular intervals. I think we are more likely to reach sensible and acceptable solutions in that way.

No one, so far as I know, has ever claimed that the tax rental approach has been satisfactory in all respects; but it would be most unwise to undervalue the many advantages the country has gained from it. These agreements have been a unique and interesting experience in intergovernmental co-operation and the disagreements that have occurred from time to time should not lead us to overlook the substantial benefits that have accrued to the provincial governments and to the people of Canada through this co-operation.

In considering our future course of action we can hope and expect that the expansion of our economy will continue to provide a tax potential sufficient for all levels of government. I suggest that we should seek a scheme of federal-provincial fiscal arrangements that will provide the total revenues required with the greatest degree of equity and efficiency; that will impose as little duplication and confusion as possible on the common body of taxpayers; that will spend the revenues so acquired so as to afford the greatest measure of public service; and at the same time will fully preserve provincial autonomy as provided in our constitution. Our success in achieving the best possible blend of these will be the test of our collective statesmanship.

I have not considered it necessary at this time to refer in any detail to the solution reached in the matter of the credits for personal income tax levied by the province of Quebec. This was explained to this house by the Prime Minister on January 17 last. I need only say that no other province has indicated a desire to withdraw from its agreement in favour of terms similar to those made available to Quebec. Among the resolutions I shall be tabling this evening will be those giving effect to the arrangements announced by the Prime Minister last January.

May I say by way of interpolation that I am quite sure nearly all Canadians are extremely pleased that the present Prime Minister (Mr. St. Laurent) will be presiding over the conference with the provincial premiers.

TAX POLICY

I come now to the question of what should be the basic principles governing our tax policy this year.

I am sure that all will agree that when employment and incomes are high, and the economy expanding at a normally healthy rate, we should fully balance our budget, with a modest amount for the reduction of debt.

I think there will also be general agreement that, under boom conditions when abnormal demands are putting undue strain on our resources and inflationary pressures are building up, fiscal policy should play its part, along with other appropriate policies, in placing some restraint on such boom conditions. Conversely, when the rate of economic advance slackens, and the economy

as a whole is not fully employed, a moderate budgetary deficit should be no cause for alarm.

Let me add at once that I do not think that fiscal policy is the only means of promoting economic stability and expansion. Fiscal policy is just one of several means to that end. Monetary policy, trade policy and policies relating to resource development and basic income maintenance are equally important, and in certain contexts may have considerably greater influence. The important thing is that all the useful tools and weapons at the disposal of the government should be used and directed toward that fundamental objective of all economic policy—the steady expansion of the wealth and welfare, the employment and incomes, of the Canadian people. Nor would I want to leave the impression that governments alone bear these responsibilities. The healthy expansion of the Canadian economy is everybody's business.

Fiscal policy, however, is one of several important means of promoting the expansion of wealth and welfare. I propose to recommend to the house a tax policy and a tax structure that would produce a balanced budget under conditions which represent a high level of output and employment.

There are various ways of describing what we mean by high levels of employment and incomes, and various ways of estimating what revenues a certain tax structure will produce from a given level of activity. This is not a simple exercise, but I shall put it in simple terms without adding all the qualifications—the "ifs" and "buts"—which perhaps ought to accompany it.

1953 was a good year, in fact the best we have ever had. The gross national product in that year was $24.4 billion. Our available labour force, our managerial and technical skills, and our stock of capital equipment should grow and improve. Consequently our capacity to produce goods and services should normally expand. Had we had this expansion during the past year our gross national product in 1954 would have been a bit over $25 billion. Actually it was only $24 billion.

If it were possible to pick up this slack and at the same time add a normal rate of growth, we would have a gross national product in 1955 of a little more than $26 billion. I propose, therefore, to recommend a tax structure which, as closely as I can estimate, would produce a balanced budget if we had a gross national product of about $26 billion.

As I said a moment ago, it is not a simple matter to forecast revenues under changing economic conditions. Our tax structure as a whole is progressive, that is, our tax yields tend to rise more rapidly and fall more rapidly than the national income as a whole. How rapidly our revenues rise or fall depends largely on the shifts in the various elements that make up the total national income.

After analysing all the relevant considerations, I have concluded that our present tax structure would produce revenues close to $4,550 million if we had a gross national product of $26 billion. I have already said that I do not expect that we shall average so high a rate for 1955 as a whole, but I am hopeful that we shall reach that rate before the end of our fiscal year. For the purpose of forecasting our actual revenues I shall assume, as I said earlier, a realized gross national product of $25¼ billion in this calendar year, and on that basis our federal revenues will be about $4,350 million.

If I may have unanimous consent I would like to place in *Hansard* at this point a table showing my estimate of our revenues for the year just closed and of the revenues that would be received in the coming year if no changes in taxation were made.

Mr. Speaker: Has the minister unanimous consent to place this on the record?

Some hon. Members: Agreed.

Mr. Harris: The table follows:

TABLE I

Revenues before Tax Changes
(in millions of dollars)

	Preliminary 1954-55	Forecast 1955-56
Personal income tax	$1,176	$1,235
Non-resident income tax	61	65
Corporation income tax	1,008	1,085
Succession duties	42	45
Customs duties	393	410
Excise duties	227	238
Sales tax	576	600
Other excise taxes	254	265
Miscellaneous taxes	16	17
Total tax revenues	3,753	3,960
Non-tax revenues and credits	354	390
	$4,107	$4,350

The main estimates of expenditure have already been tabled in the amount of $4,360 million. The government has continued its efforts toward maximum economy and efficiency in government operations. With the co-operation of all my colleagues it has been possible this year to achieve a reduction in

the main estimates—the first in seven years. Decreases from last year are shown for ten departments. The reduction in estimates has been achieved after providing for the automatic increase in social security payments arising from the growth of our population. In order to help maintain employment, there has been no curtailment in the planned program of useful and necessary public works. Indeed, if we include loans to government agencies, there is provision for a substantial increase in expenditures on public works during the present year. Also there is provision for the normal expansion of government services designed to promote the expansion of our economy. For this purpose, increases have been proposed in the outlays on research, on services which encourage the development of resources, and on the administration and development of our northern areas.

We have sought to reduce expenditures through economies in administration and overhead. In the coming year there will be substantial savings in interest charges resulting from refinancing of loans at lower interest rates. Additional steps have been taken to ensure proper economy in the use of staff in government departments. Administrative procedures are constantly being reviewed in order to eliminate waste and to increase efficiency. There will be no relaxation in these efforts. The more successful we are in the exercise of economy and efficiency in operating costs, the more possible it will be to provide necessary services and to undertake constructive projects which promote the growth and prosperity of our economy.

There will, of course, be the usual supplementaries. On the other hand, there will be the usual lapsings and underspending in many of the 500 separate items in the estimates. After a careful study of all these factors, I have reached the conclusion that a fair estimate of our actual spending during the coming year is $4,300 million. Thus on the basis of the accounting methods we have been using in the past I would expect a surplus of about $50 million at the present rates of taxation.

At this point, however, I should like to report on the operations of the old age security fund. Hon. members will recall that parliament set up this system and this fund in 1951, and it came into operation in stages during 1952. The revenue of the fund comes from a 2 per cent sales tax, a 2 per cent corporation income tax, and a 2 per cent personal income tax with a maximum individual payment of $60.

[Mr. Harris.]

The amount and the disposition of the annual deficit of this fund are shown in the following table which I ask leave to place upon *Hansard*.

Mr. Speaker: Agreed?

Some hon. Members: Agreed.

Mr. Harris: The table follows:

TABLE II

Old Age Security Fund
(in millions of dollars)

Fiscal Years	Receipts	Payments	Deficit	Disposition of Deficit
1951-52	$26	$76	$50	Charged to current expenditure
1952-53	244	323	99	Written off to active asset reserve
1953-54	293	339	46	Carried as a temporary loan
1954-55*	291	353	62	Carried as a temporary loan

*Preliminary—final figures not available until final closing of the 1954-55 accounts.

The deficit in the fund for the year just closed is about $62 million and during the coming year I expect that it will be about the same.

We have now had three full years of experience with the operations of this fund, and I think we should now take steps to close out the deficit each year. I propose, therefore, to ask the authority of parliament to wipe out the temporary loan for the year 1953-54 by charging it to current expenditure in the year 1954-55. Similarly I shall ask parliament in the June supplementaries, when the exact deficit for 1954-55 is known, to charge the past year's deficit to this year's expenditure.

When this is done it will have the effect of increasing our budgetary deficit for the year just ended by $46 million; that is, instead of the $148 million I reported earlier, and also referred to in the white paper, the adjusted deficit will be $194 million. It will have the further effect of adjusting the current year's estimated expenditure from the $4,300 million I mentioned a moment ago to $4,362 million.

Having forecast the revenues, before any tax changes, at $4,350 million, and the expenditures at $4,362 million, I would face a deficit of $12 million this year. If, however, employment, incomes and business activity were at the desirable level—that is, such as to yield a gross national product of about $26 billion—our present tax structure would be generating a substantial surplus. I think in these circumstances it is good sense to anticipate this situation and make some moderate tax reductions now.

Apart from and outside the budget, we shall as usual be called upon to make a number of authorized loans and advances for which we must find cash. The Canadian National Railways capital requirements are financed initially by advances from the government. In 1955 these may amount to $150 million. Loans to the St. Lawrence seaway authority will be about $50 million and another $40 or $50 million will probably be required for advances to Central Mortgage and Housing Corporation. In addition cash will be needed for other crown corporations and departmental working capital accounts, for loans to veterans and other authorized purposes. Moreover, I should expect that there will be substantial net disbursements from the defence equipment replacement account.

On the other hand, we shall have cash coming in from the repayment of various loans and advances and from various annuity, insurance and pension accounts which the government administers. Changes during the year in the exchange fund cannot be accurately forecast. However, all in all I should expect that apart from our funded debt and exchange fund operations and the net requirements of the Canadian National Railways, the non-budgetary accounts will be approximately in balance.

TAX AND TARIFF CHANGES

I turn now to specific tax proposals. The burden of our present taxes is, I believe, distributed pretty fairly and sensibly. My problem, therefore, is to spread such reductions as I am able to recommend as fairly as possible. However, in addition to wanting to be as fair as possible, it is desirable that the reductions be made where they will be helpful in encouraging business activity and promoting employment.

CORPORATION INCOME TAXES

It is well known that a great part of our post-war industrial development has been financed out of corporate earnings which have been retained to expand production and create more jobs. Our present rate of tax on corporate profits is very high. The standard rate takes away nearly half the earnings of business enterprise. I share my predecessor's view that in the interests of the future of Canada—and that means all of us—the rate should be lowered as circumstances permit. Sound and prudent government policies with respect to business enterprise encourage the growth and expansion of the whole country.

In the light of these considerations I propose to reduce the standard corporate rate from the present 49 per cent level to 47 per cent, effective January 1, 1955. On an annual basis this will reduce revenue by about $43 million and the revenue loss for this fiscal year will be about $28 million.

PERSONAL INCOME TAX

The personal income tax is our largest source of revenue. It is also a progressive tax, broadly based, and directly touches more than 3,800,000 individual taxpayers. It is a tax where changes in rates—up or down—are quickly reflected in the current stream of personal incomes. It is in this direction that I propose to apply the greater part of the relief available this year.

I am recommending a new schedule of rates which will reduce the tax payable by 12 to 13 per cent for 85 per cent of our taxpayers. The method by which this result will be reached is to reduce the rates of tax payable on each bracket of income by two percentage points. The maximum reduction in the tax payable will be 13.3 per cent. Every married taxpayer with an income up to about $5,000 will get at least a 12 per cent reduction. The rate of reduction beyond this point drops off gradually until it reaches 2.8 per cent at the highest income levels.

These changes, as is our regular practice, will be effective July 1, 1955. This means that for the great majority of taxpayers their tax reductions at the source will be reduced by 12 or 13 per cent commencing with their July pay cheques. For the calendar year 1955 the reduction in total tax payable will, of course, be just half that which I have mentioned, because every taxpayer will have paid during the first six months at the old rate, and the last six months at the new.

This reduction in personal income taxes will be confined to the regular income tax as calculated under the graduated schedule of rates and will not apply to that part of income tax levied under the Old Age Security Act nor to the special 4 per cent tax on investment income. The cost to the treasury of this abatement will be $128 million in a full year, or $85 million in this fiscal year.

With consent I should like to place on *Hansard* at this point the usual tables showing the tax payable at various income levels for the calendar year 1954, the calendar year 1955, and on a full year basis.

Mr. Speaker: Is it agreed that the minister has consent?

Some hon. Members: Agreed.

Mr. Harris: The tables are as follows:

TABLE III

EFFECT OF THE PROPOSED PERSONAL INCOME TAX CHANGES
SINGLE TAXPAYER

Income	Tax paid for 1954	Tax for 1955 (6 months at present rates and 6 months at new rates)	Tax in full year at new rates	% reduction in full year
$	$	$	$	%
1,000	—	—	—	—
1,500	75	70	65	13·3
2,000	150	140	130	13·3
2,500	235	220	205	12·8
3,000	320	300	280	12·5
3,500	415	390	365	12·0
4,000	510	480	450	11·8
5,000	700	660	620	11·4
7,500	1,270	1,205	1,140	10·2
10,000	1,960	1,870	1,780	9·2
15,000	3,760	3,620	3,480	7·4
20,000	5,960	5,770	5,580	6·4
30,000	10,660	10,370	10,080	5·4
50,000	21,814	21,324	20,834	4·5
75,000	37,264	36,524	35,784	4·0
100,000	53,714	52,724	51,734	3·7
200,000	126,414	124,424	122,434	3·1
400,000	283,114	279,124	275,134	2·8

NOTES:

(1) The old age security tax of 2 per cent of taxable income (maximum tax $60) is payable in addition to the above amounts.

(2) In calculating the above taxes it has been assumed that where incomes are in excess of $30,000, that part of income which is in excess of $30,000 is from investments, but no account has been taken of the tax credit for dividends from Canadian corporations.

TABLE IV

EFFECT OF THE PROPOSED PERSONAL INCOME TAX CHANGES
MARRIED TAXPAYER—NO DEPENDENTS

Income	Tax paid for 1954	Tax for 1955 (6 months at present rates and 6 months at new rates)	Tax in full year at new rates	% reduction in full year
$	$	$	$	%
2,000	—	—	—	—
2,500	75	70	65	13·3
3,000	150	140	130	13·3
3,500	235	220	205	12·8
4,000	320	300	280	12·5
5,000	510	480	450	11·8
7,500	1,030	975	920	10·7
10,000	1,660	1,580	1,500	9·6
15,000	3,360	3,230	3,100	7·7
20,000	5,510	5,330	5,150	6·5
30,000	10,160	9,880	9,600	5·5
50,000	21,264	20,784	20,304	4·5
75,000	36,664	35,934	35,204	4·0
100,000	53,064	52,084	51,104	3·7
200,000	125,714	123,734	121,754	3·2
400,000	282,364	278,384	274,404	2·8

NOTES:

(1) The old age security tax of 2 per cent of taxable income (maximum tax $60) is payable in addition to the above amounts.

(2) In calculating the above taxes it has been assumed that where incomes are in excess of $30,000, that part of income which is in excess of $30,000 is from investments, but no account has been taken of the tax credit for dividends from Canadian corporations.

TABLE V

EFFECT OF THE PROPOSED PERSONAL INCOME TAX CHANGES

MARRIED TAXPAYER—WITH TWO CHILDREN ELIGIBLE FOR FAMILY ALLOWANCES

Income	Tax paid for 1954	Tax for 1955 (6 months at present rates and 6 months at new rates)	Tax in full year at new rates	% reduction in full year
$	$	$	$	%
2,300	—	—	—	—
2,500	30	28	26	13·3
3,000	105	98	91	13·3
3,500	184	172	160	13·0
4,000	269	252	235	12·6
5,000	453	426	399	11·9
7,500	964	912	860	10·8
10,000	1,582	1,505	1,428	9·7
15,000	3,240	3,113	2,986	7·8
20,000	5,375	5,198	5,021	6·6
30,000	10,010	9,733	9,456	5·5
50,000	21,099	20,622	20,145	4·5
75,000	36,484	35,757	35,030	4·0
100,000	52,869	51,892	50,915	3·7
200,000	125,504	123,527	121,550	3·2
400,000	282,139	278,162	274,185	2·8

NOTES:

(1) The old age security tax of 2 per cent of taxable income (maximum tax $60) is payable in addition to the above amounts.

(2) In calculating the above taxes it has been assumed that where incomes are in excess of $30,000, that part of income which is in excess of $30,000 is from investments, but no account has been taken of the tax credit for dividends from Canadian corporations.

There are a number of minor changes in the field of income tax that need to be made. Many of these will be found in the resolutions. I perhaps might explain some of them.

Our Income Tax Act imposes a special tax of 4 per cent on investment income. Profits from carrying on business are, of course, earned income and not subject to this tax. In the case of rental incomes derived from the ownership and management of real estate it has been found impossible to draw a consistent line defining the "carrying on of a business". I am proposing, therefore, that income in the form of rentals from real estate be excluded from the base to which the special 4 per cent tax on investment income applies. The revenue loss will be about $700,000 in a full year, and about $300,000 in this fiscal year.

An amendment will be introduced to allow as a business expense the costs incidental to borrowing money and issuing shares. This deduction will cover such items as professional fees, printing costs, and the like, but will not include bond discount or commissions on the sale of securities.

The amending bill will make provision for a tax on companies which in future pay dividends out of "designated" surplus to non-resident persons or to tax-exempt persons where control of the corporation has been acquired since December 31, 1954. The rate of tax on such companies will be 15 per cent and it will be computed by reference to the amount of dividends paid to the person controlling it.

For fiscal periods ending in 1956 and thereafter, income in the form of rentals in excess of 10 per cent of gross income will disqualify a company from the status of "non-resident owned investment corporation". Likewise, the receipt of income from operating ships or aircraft will debar a company from the status of "foreign business corporation".

Commencing tomorrow, payments for timber cut in Canada made to non-resident

persons will be subject to our regular 15 per cent tax. This will close a gap in the existing law.

Our tax laws contain special incentive provisions for the oil, gas and mining industries. It has been the policy in the past few years to review these provisions each year and annually to grant an extension of them. There are certain advantages in this procedure but, on the other hand, it carries with it some uncertainty for the future. In the past few months I have been giving considerable thought to the operation of these incentives and to the importance of these two industries to the future of Canada. I believe these special tax provisions have clearly established their value in promoting expansion and I now propose to make them a permanent part of our law. There is one minor exception to the general statement I have made. The tax credits which are specially authorized under orders in council for deep test wells will not be continued beyond the present year.

In addition to the income tax changes which I have just mentioned the amending bill will contain numerous changes of a technical nature and less general in their application.

Now just a word about succession duties. The budget speech of last year indicated the intention of the government to undertake a complete revision of the act and invited representations regarding it. Useful briefs and comments have been received and the work of drafting and shaping a new structure is under way. The task has proved to be somewhat more difficult and time-consuming than was anticipated. The new bill will not be ready for introduction at the present session, but I hope it will be ready next year. In the meantime the present law will stand unchanged.

CUSTOMS TARIFF

The resolutions which I am placing before the house tonight contain a number of tariff changes; for the most part, however, these changes are of a familiar character. Many of them are essentially formal; but they serve to bring the wording of individual tariff items into line with changing trade practices and changing technology. Others make permanent certain temporary reductions in our tariffs on materials imported for use in Canadian manufacturing, reductions that were originally introduced by order in council in past years on a trial basis. Still others provide for new tariff reductions.

None of the proposed tariff changes affects items producing a substantial amount of revenue, and the aggregate effect of all the changes on revenues will not be significant. Nevertheless a number of the changes are of some general interest.

One of these relates to Canadians returning from abroad. Recently the tariff board ruled that returning Canadians are not entitled to bring in their personal and household goods as settlers' effects, and therefore some new provision has to be made for them. I am sure we do not want to put obstacles in the path of Canadians who, after working or studying abroad, decide to come home. Accordingly I propose to extend to all returning Canadians facilities similar to those at present available to members of the armed forces and government employees who have been posted abroad for more than one year.

In our effort to keep the tariff abreast of technical changes we have substantially rewritten two groups of items, one covering sugar syrups and molasses and the other covering aircraft parts. In the former field, apart from one deliberate reduction, no changes are intended from the rates in effect over past years. In the latter field there are a number of reductions.

A number of the reductions will benefit farmers, directly or indirectly. They include reduction or elimination of tariffs on brooders for farm animals, certain components of feedstuffs, sweet potato seedlings, poultry eviscerating equipment, and others.

Several items will be of interest to the fishing industry, in particular the elimination of duty on fishing vessels over 100 feet in length and the reduction of duty on fish meal plant and fish cooking equipment.

Two items in tonight's resolutions stem from reports of the tariff board. Some years ago the board reviewed the whole plastics schedule and recommended a series of adjustments in rates which parliament adopted in 1952. Naturally there have been changes since that time in the rapidly developing plastics industry. Some of these changes were in fact forecast in 1952, and I have recently received a supplementary report which my predecessor requested from the board on polyethylene and its products. This report recommends a change from free entry to a rate of 10 per cent for polyethylene resins, together with some consequential adjustments on manufactures of polyethylene. After considering this report I have decided to recommend a rate of 7½ per cent together with appropriate consequential adjustments. In addition, the duty on phenol-aldehyde resins is changed from free entry to 7½ per cent, except when used for the manufacture of plywood. The new rate is in line with those established in 1952.

This evening I am tabling two tariff board reports. One, which I have just mentioned, relates to polyethylene, and the decision to accept its recommendations in large measure is embodied in tonight's resolutions. The other, relating to ethylene glycol, recommends an increase in a rate bound under GATT. If it is decided to accept this recommendation, it will be necessary to renegotiate the rate under the provisions of GATT; otherwise the GATT countries affected might withdraw tariff concessions of value to our exporters. It may be necessary to introduce this item, and possibly one or two others, into the resolutions as an amendment at the time they are in committee.

It is my intention to continue the practice of my predecessors in referring individual tariff rates or sections of the tariff to the tariff board from time to time. This is one of the ways, and a very important way, of keeping our tariff abreast of technical and industrial change, and the newly revised GATT will allow us a little more flexibility than the old. However, I should like to emphasize that I am not implying any general change in our present commercial policy.

I am at present planning to refer to the tariff board two sections of the tariff that have become out of date: a section covering chemicals, and a section covering primary iron and steel products. The former section is, perhaps, the more urgently in need of review, because the chemical industry has been changing and developing so rapidly; but the primary iron and steel schedule was worked out many years ago and badly needs overhauling. I am also planning to refer to the tariff board the item covering potatoes. There have been many representations made to the government on this commodity. I am aware of the varied regional and seasonal aspects of this problem, and I believe the tariff board is the appropriate body to study and report upon it.

SALES AND EXCISE TAXES

Turning now to the field of domestic commodity taxes, I should say at once that I am not making any change in the general sales tax. I am proposing, however, a few additions to the schedule of exemptions. These include, among others, materials to be used exclusively in the manufacture or production of feeds for poultry, cattle and other livestock and fur-bearing animals; creosote oil and other wood preservatives when used exclusively in the treatment of timber; poles or lumber; perforated bituminous fibre pipe for drainage purposes not exceeding 4 inches in diameter; floor tile and wall paper. It is estimated that the cost of allowing sales tax exemption on these items will be about $1 million annually.

No changes will be made this year in the special class of taxes on liquor, beer, wines, cigarettes and tobacco products.

This leaves for consideration the so-called special excise taxes.

A few of these items bear a rate of 15 per cent. This higher rate still applies to automobiles and to radios and T.V. sets. In the case of radios and T.V. sets hon. members will recall that this tax replaces the former annual licence fee on all receiving sets.

In the case of automobiles, however, I think the rate should now be brought down to 10 per cent. Effective tomorrow, therefore, the rate of excise tax on automobiles will be reduced by five percentage points. It is estimated that on a full year's basis this reduction will cost the treasury $27 million and in the current fiscal year $26 million.

At the present the 10 per cent excise tax applies to tires and tubes; not merely to automobile tires but also to those used for trucks, buses, and aircraft. In these latter cases the special tax applies to items which enter into the cost of carrying on certain kinds of business. I have decided to repeal completely the excise tax on all tires and tubes regardless of their use. The revenue loss will be $8·5 million in a full year and $8 million in this fiscal year.

My colleague the Minister of National Revenue (Mr. McCann) has asked me to give notice that in accordance with standard practice no claims for refunds arising out of tax reductions in respect of goods on which tax has been paid will be entertained.

Before leaving this subject of sales and excise taxes I want to say that my colleague, the Minister of National Revenue, and I are concerned about the present statutory provisions with respect to the base on which the tax rate applies. The problem arises when manufacturers sell to customers at different levels in the marketing process. This and several related questions need careful examination. In view of the nature of the particular problems involved it seems desirable to seek some advice from persons outside the government service. We propose, therefore, to invite a small committee, including experienced persons in the business world, to study these technical problems with us and to make recommendations.

May I say at this point, Mr. Speaker, what I think all hon. members know, that the Minister of Finance imposes and receives taxes. It is the duty of the Minister of National Revenue and his department to collect them.

I should like to express my thanks to him and to his officials for the efficient and impartial manner in which this duty is discharged.

SUMMARY AND CONCLUSION

I am now in a position to summarize my over-all budgetary position for the coming year. The total tax reductions I have proposed will reduce the revenue by about $207 million in a full year, and the actual revenues in this fiscal year by approximately $148 million. If I may have consent I shall insert here in *Hansard* the following table of expected annual revenues.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Harris: The table is as follows:

1955-56 Revenues Before and After Tax Changes
(in millions of dollars)

	Before	Reduction	After
Personal income tax	$1,235	$85	$1,150
Non-resident tax	65	–	65
Corporation income tax ..	1,085	28	1,057
Succession duties	45	–	45
Customs duties	410	–	410
Excise duties	238	–	238
Sales tax	600	1	599
Other excise taxes	265	34	231
Other taxes	17	–	17
Total tax revenue	3,960	148	3,812
Non-tax revenue	390	–	390
Total	$4,350	$148	$4,202

It will be seen that I estimate the total revenue to be $4,202 million. Since I have forecast expenditures, including the past year's deficit in the old age security fund, at $4,362 million, I shall expect a budgetary deficit this year of $160 million, as compared with the adjusted deficit for last year of $194 million.

But in line with my earlier analysis, as we reach a level of economic activity represented by a gross national product of $26 billion, I would expect our revenues, after making these tax changes, to be flowing in at an annual rate of about $4,350 million. Under these conditions our deficit in the old age security fund would be declining, and I would therefore expect our flow of total revenue and expenditure to be in very close balance.

I have one further matter I should like to mention.

I referred earlier in my speech to existing policies which are promoting steady economic expansion.

I have referred to monetary and trade policies and I have naturally dealt at some length with fiscal policy. I have also mentioned our policies relating to basic income maintenance and social security, unemployment insurance, family allowances, old age security, pensions to veterans, the disabled and the blind, agricultural and fisheries price supports.

I should like to say something more about the longer-run questions of economic expansion. The long-term economic outlook for Canada is extremely bright. It has changed tremendously in the past 25 or 30 years, and it will continue to change. The world we live in has changed too, and that process will go on.

To meet these changes, as a federal government we are spending many scores of millions of dollars on research, surveys and development, and we have been steadily increasing our expenditure in these directions year by year. The provinces are doing a good deal along these lines also. Several of them have research councils and industrial development councils, and recently I have been greatly interested to learn something of the regional development council set up co-operatively in the Atlantic provinces. I think we all agree that this money and these efforts have been paying us dividends and will continue to do so.

None of us has any doubts as to our great future, or of our capacity greatly to expand our population and our standards of living. I suppose that all of us in the house have, from time to time, made speeches about our great opportunities and our shining future. I think the time has come to spend a little time, thought and money on carefully documenting the reality underlying these after-dinner speeches.

The government intends, therefore, to appoint a royal commission with instructions to look ahead and examine carefully our future economic prospects. The sort of study we have in mind would include probable developments both in our productive capacities and in our external markets. It would include an examination of our population growth in both its regional and age distribution aspects. It would assemble information and speculate thoughtfully about the magnitude and nature of our future requirements for the great varieties of physical amenities which contribute to a steadily rising level of well-being. I am sure our provincial and municipal governments, our businessmen and producers, management and workers, would like to have comprehensive and carefully documented analyses of our various potentialities.

All Canadians will agree that a clear understanding of these matters is a first step in developing wise and practical policies.

Wise and practical policies are founded on knowledge, inspiration and courage. The Canadian people have always demonstrated that they have inspiration and courage. I suggest we improve our knowledge that we may not fail to take full and proper advantage of the heritage with which Providence has so richly endowed this nation.

What would emerge from the work of such a royal commission? Not a detailed blueprint of the Canadian economy 30 years hence; that would be impossible. Nor a long series of detailed policy recommendations—governments cannot abdicate their functions to royal commissions.

I think the work of this royal commission will do several things. It will focus public attention, here and abroad, in a rather specific and detailed way, on our prospects. It will gather together the considerable amount of material already in existence, but scattered in many different places, that throws light on these prospects. It will also promote and stimulate studies to fill the many gaps in essential factual material. It will sharpen our understanding of some of the problems we face, and will provide useful guides to governments and businessmen, and to leaders in all walks of life, in making plans and policies for the future.

This will be no short-run undertaking. The commission will probably take many months to complete its report. But in the light of such a report on our economic prospects, and the further and continuing studies it will inspire, we shall all of us be better able to review our current policies, revise or modify those which may have served us well in the past, but may not be so well adapted to the coming decades, and press forward those which seem likely best to serve our future.

That, Mr. Speaker, completes the contents of my budget for 1955. The financial policies of this government, I dare say, over the past two decades have won the respect and admiration of our friends in other countries and, if I can count, sir, seem to have met with the approval of our people at home.

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

1. That for the 1956 and subsequent taxation years each of the graduated rates of tax at present applicable to individuals be reduced by two percentage points, and that for the 1955 taxation year each of the graduated rates of tax at present applicable to individuals be reduced by one percentage point.

2. That with respect to income of corporations earned on and after January 1, 1955, the 47 per cent rate of tax on income in excess of $20,000 be reduced to 45 per cent.

3. That for the 1954 taxation year an individual may deduct from the tax otherwise payable by him the amount of tax on income paid to the government of any province in which he resided, was employed or carried on business, not exceeding 10 per cent of the tax otherwise payable by him.

4. That for the 1955 and 1956 taxation years an individual who resided, was employed or carried on business in a province in which a tax on income was payable to the government of the province may deduct from the tax otherwise payable by him to Canada that proportion of 10 per cent of his tax otherwise payable that his income for the period during which he resided in the province or his income earned in the province is of his whole income.

5. That for the 1955 and subsequent taxation years rental income from real property shall not be included in income to which the additional 4 per cent tax on investment income applies.

6. That the right of an investment company at present to elect as regards its taxable status be repealed and that for the 1955 and subsequent taxation years an investment company be subject to a tax of 20 per cent on its taxable income.

7. That expenses incurred in the 1955 and subsequent taxation years by a taxpayer in the course of issuing or selling shares of its capital stock or in the course of borrowing money used in the taxpayer's business (other than amounts in respect of commissions, bonus payments or discounts) be allowed as a deduction in computing the income of the taxpayer.

8. That for the 1955 and subsequent taxation years proceeds of a sale or realization of inventory or accounts receivable of a taxpayer upon or after selling or ceasing to carry on a business be included in computing income, but that the taxpayer be given the option of paying tax in respect thereof at his average rate of tax for the three taxation years immediately preceding the year in which he sold or ceased to carry on the business.

9. That a corporation resident in Canada that pays a dividend out of its designated surplus to a non-resident corporation or a person exempt from tax, by whom the payer corporation was controlled, be subject to a tax of 15 per cent computed by reference to the amount of the dividend, where control of the payer corporation was acquired after December 31, 1954.

10. That for the 1956 and subsequent taxation years a corporation more than 10 per cent

of whose gross revenue was derived from rents be disqualified from being treated for tax purposes as a non-resident-owned investment corporation.

11. That for the 1956 and subsequent taxation years a corporation any part of whose income was derived from leasing or operating ships or aircraft be disqualified from being treated for tax purposes as a foreign business corporation.

12. That payments made after April 5, 1955, to a non-resident, computed by reference to the amount of timber cut or taken from a timber limit in Canada be subjected to the 15 per cent tax on income from Canada of non-residents.

13. That the exemption of income from metalliferous or industrial mineral mines for the first three years of production be extended to mines coming into production at any time hereafter.

14. That the special deduction from income allowed for expenses of exploring or drilling for petroleum or natural gas in Canada and the special deduction from income allowed for expenses of searching for minerals in Canada be allowed for expenses incurred at any time hereafter.

15. That a deduction from income be allowed to a corporation whose principal business is production, refining or marketing of petroleum, petroleum products or natural gas or exploring or drilling for petroleum or natural gas, and to a corporation whose principal business is mining or exploring for minerals, for expenses incurred in the 1954 and subsequent calendar years in exploring or drilling for petroleum or natural gas in Canada or searching for minerals in Canada, if such expenditures were incurred otherwise than on its own account, in consideration for shares or an option or right to purchase shares of a corporation on whose account they were incurred.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, amongst other things:

1. That the excise tax on automobiles adapted or adaptable to passenger use be reduced from 15 per cent to 10 per cent.

2. That the excise tax on tires and tubes for automotive vehicles of all kinds be repealed.

3. That the sales tax on the following goods be repealed:

(a) materials to be used exclusively in the manufacture or production of feeds for poultry, cattle and other stock and fur-bearing animals;

(b) creosote oil and other wood preservatives when for use exclusively in the treatment of timber, poles or lumber;

(c) material to be used exclusively in the production of terrazzo flooring;

(d) perforated bituminized fibre pipe for drainage purposes not to exceed four inches in diameter;

(e) rims for kitchen sinks;

(f) floor tile;

(g) wallpaper.

4. That any enactment founded upon this resolution be deemed to have come into force on the sixth day of April, nineteen hundred and fifty-five.

CUSTOMS TARIFF

1. Resolved, that schedule A to the Customs Tariff be amended by striking out tariff items 9c, 46a, 134, 135, 135a, 135b, 136, 136a, 140, 157a, 181b, 237a, 254, 254b, 326c(4), 364, 407, 409e(1), and (2), 409f, 409m(1), 410k, 410p, 410t, 418, 422a, 423, 427b, 438b, 438c, 438i, 440l, 440m(i) and (ii), 440n, 440o(i) and (ii), 443c, 447b, 476, 523f, 541, 557b, 663i, 695a, 696a, 703(c), 711, 756, 825, 901(a), 901(b), 902, and 905, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

SCHEDULE A

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
9c	Horse meat, tripe and other animal offal, ground or unground, unfit for human consumption; *whale meat;* feeds consisting wholly or in part of cereals but not including baked biscuits; all the foregoing when for use exclusively in the feeding of fur-bearing animals or in the manufacture of feeds for such purposes..	Free	Free	Free	Free 2 cts. per lb.	Free 2½ cts. per lb.	Free 5 cts. per lb.
82	*Sweet potato plants*.....	Free	Free	30 p.c.	12½ p.c.	12½ p.c.	30 p.c.
134	All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, not covered by tariff item No. 135, when not exceeding eighty-eight degrees of polarization.....per one hundred pounds	83 cts.	$1.50	$1.50	83 cts.	$1·50	$1·50
	When exceeding eight-eight degrees but not exceeding eighty-nine degrees.....per one hundred pounds	85 cts.	$1.53	$1.53	85 cts.	$1·53	$1·53
	When exceeding eighty-nine degrees but not exceeding ninety degrees.....per one hundred pounds	87 cts.	$1.55	$1.55	87 cts.	$1·55	$1·55
	When exceeding ninety degrees but not exceeding ninety-one degrees.....per one hundred pounds	89 cts.	$1.58	$1.58	89 cts.	$1·58	$1·58
	When exceeding ninety-one degrees but not exceeding ninety-two degrees.....per one hundred pounds	91 cts.	$1.62	$1.62	91 cts.	$1·62	$1·62
	When exceeding ninety-two degrees but not exceeding ninety-three degrees.....per one hundred pounds	93 cts.	$1.65	$1.65	93 cts.	$1·65	$1·65
	When exceeding ninety-three degrees but not exceeding ninety-four degrees.....per one hundred pounds	95 cts.	$1.68	$1.68	95 cts.	$1.68	$1.68
	When exceeding ninety-four degrees but not exceeding ninety-five degrees.....per one hundred pounds	97 cts.	$1.70	$1.70	97 cts.	$1.70	$1.70
	When exceeding ninety-five degrees but not exceeding ninety-six degrees.....per one hundred pounds	99 cts.	$1.74	$1.74	99 cts.	$1.74	$1.74
	When exceeding ninety-six degrees but not exceeding ninety-seven degrees.....per one hundred pounds	$1.01	$1.77	$1.77	$1.01	$1.77	$1.77
	When exceeding ninety-seven degrees but not exceeding ninety-eight degrees.....per one hundred pounds	$1.03	$1.80	$1.80	$1.03	$1.80	$1.80
	When exceeding ninety-eight degrees but not exceeding ninety-nine degrees.....per one hundred pounds	$1.09	$1.89	$1.89	$1.09	$1.89	$1.89

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
134 *Con.*	When exceeding ninety-nine degrees.....per one hundred pounds	$1.09	$1.89	$1.89	$1.09	$1.89	$1.89
	Refined sugar shall be entitled to entry under the British Preferential Tariff upon evidence satisfactory to the Minister, that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies and possessions, and not otherwise.						
	Sugar imported under this item shall not be subject to special duty in excess of three-fourths of one cent per pound.						
135	Sugar above number sixteen Dutch standard in colour when imported or purchased in bond in Canada by a recognized sugar refiner, for refining purposes only, under regulations by the Minister, and sugar, n.o.p., not above number sixteen Dutch standard in colour, when not exceeding seventy-six degrees of polarization.....per one hundred pounds	Cts. 20·627	Cts. 70·851	Cts. 70·851	Cts. 20·627	Cts. 70·851	Cts. 70·851
	When exceeding seventy-six degrees but not exceeding seventy-seven degrees.....per one hundred pounds	20·647	73·213	73·213	20·647	73·213	73·213
	When exceeding seventy-seven degrees but not exceeding seventy-eight degrees..per one hundred pounds	20·667	75·574	75·574	20·667	75·574	75·574
	When exceeding seventy-eight degrees but not exceeding seventy-nine degrees...per one hundred pounds	20·687	77·936	77·936	20·687	77·936	77·936
	When exceeding seventy-nine degrees but not exceeding eighty degrees.....per one hundred pounds	20·707	80·298	80·298	20·707	80·298	80·298
	When exceeding eighty degrees but not exceeding eighty-one degrees.....per one hundred pounds	20·727	82·659	82·659	20·727	82·659	82·659
	When exceeding eighty-one degrees but not exceeding eighty-two degrees.....per one hundred pounds	20·747	85·021	85·021	20·747	85·021	85·021
	When exceeding eighty-two degrees but not exceeding eighty-three degrees.....per one hundred pounds	20·767	87·383	87·383	20·767	87·383	87·383
	When exceeding eighty-three degrees but not exceeding eighty-four degrees.....per one hundred pounds	20·857	90·040	90·040	20·857	90·040	90·040
	When exceeding eighty-four degrees but not exceeding eighty-five degrees.....per one hundred pounds	20·947	92·697	92·697	20·947	92·697	92·697
	When exceeding eighty-five degrees but not exceeding eighty-six degrees.....per one hundred pounds	21·036	95·353	95·353	21·036	95·353	95·353
	When exceeding eighty-six degrees but not exceeding eighty-seven degrees.....per one hundred pounds	21·126	98·010	98·010	21·126	98·010	98·010

		Cts.			Cts.		
	When exceeding eighty-seven degrees but not exceeding eighty-eight degrees...per one hundred pounds	21·512	$1·00963	$1·00963	21·512	$1·00963	$1·00963
	When exceeding eighty-eight degrees but not exceeding eighty-nine degrees.....per one hundred pounds	21·897	$1·03915	$1·03915	21·897	$1·03915	$1·03915
	When exceeding eighty-nine degrees but not exceeding ninety degrees.....per one hundred pounds	22·872	$1·07457	$1·07457	22·872	$1·07457	$1·07457
	When exceeding ninety degrees but not exceeding ninety-one degrees.....per one hundred pounds	23·848	$1·11000	$1·11000	23·848	$1·11000	$1·11000
	When exceeding ninety-one degrees but not exceeding ninety-two degrees.....per one hundred pounds	24·823	$1·14542	$1·14542	24·823	$1·14542	$1·14542
	When exceeding ninety-two degrees but not exceeding ninety-three degrees.....per one hundred pounds	25·799	$1·18085	$1·18085	25·799	$1·18085	$1·18085
	When exceeding ninety-three degrees but not exceeding ninety-four degrees.....per one hundred pounds	26·762	$1·21627	$1·21627	26·762	$1·21627	$1·21627
	When exceeding ninety-four degrees but not exceeding ninety-five degrees.....per one hundred pounds	27·737	$1·25170	$1·25170	27·737	$1·25170	$1·25170
	When exceeding ninety-five degrees but not exceeding ninety-six degrees.....per one hundred pounds	28·712	$1·28712	$1·28712	28·712	$1·28712	$1·28712
	When exceeding ninety-six degrees but not exceeding ninety-seven degrees.....per one hundred pounds	29·688	$1·32255	$1·32255	29·688	$1·32255	$1·32255
	When exceeding ninety-seven degrees but not exceeding ninety-eight degrees....per one hundred pounds	30·664	$1·35798	$1·35798	30·664	$1·35798	$1·35798
	When exceeding ninety-eight degrees but not exceeding ninety-nine degrees.....per one hundred pounds	31·64	$1·47606	$1·47606	31·64	$1·47606	$1·47606
	Over ninety-nine degrees.....per one hundred pounds	35·606	$1·47606	$1·47606	35·606	$1·47606	$1·47606
	Sugar imported under this item shall not be subject to special duty.						
135a	Invert sugar, and syrups the product of the sugar cane or beet, and all imitations thereof or substitutes therefor, *in which the percentage of the total of reducing sugars after inversion is 71 per centum or greater of the total solids by weight*, not including syrups in receptacles of such size that the gross weight of the receptacle and contents does not exceed 60 pounds:						
	When the total of reducing sugars after inversion is equivalent to not more than 65 per centum *by weight of the total syrup*.....per one hundred pounds	68 cts.	$1.23	$1.23	68 cts.	$1.23	$1.23
	When the total of reducing sugars after inversion is equivalent to more than 65 per centum, but not more than 70 per centum *by weight of the total syrup* per one hundred pounds	74 cts.	$1.33	$1.33	74 cts.	$1.33	$1.33
	When the total of reducing sugars after inversion is equivalent to more than 70 per centum *by weight of the total syrup*.....per one hundred pounds	83 cts.	$1.50	$1.50	83 cts.	$1.50	$1.50

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
136	*Syrups, the product of the sugar cane, in which the percentage of the total of reducing sugars is less than 71 per centum of the total solids by weight....per gallon*	Free	1 ct.	1½ cts.	Free	2½ cts. 1 ct.	3 cts. 1½ cts.
140	Syrups, the product of the sugar cane or beet, and all imitations thereof or substitutes therefor, n.o.p... *per gallon*	5 cts.	6½ cts.	7 cts.	35 cts. per 100 lbs.	45 cts. per 100 lbs.	50 cts. per 100 lbs.
157a	Amyl alcohol	Free	Free	Free	15 p.c.	20 p.c.	25 p.c.
181b	Processed paper, in single sheets, *punched or not*, printed *or not*, for use *as master units in offset* duplicating machines	Free	7½ p.c.	35 p.c.	Free	7½ p.c.	35 p.c.
219h	*Chemicals, except antibiotics, of a kind not produced in Canada, without admixture or mixed only with any necessary carrier or diluent, when for use in the manufacture of animal or poultry feeds*	Free	Free	25 p.c.	Various	Various	Various
237a	*Deuterium oxide or heavy water;* uranium in the form of pigs, ingots, billets or bars On and after July 1, 1958	Free Free	Free 15 p.c.	25 p.c. 25 p.c.	Free	15 p.c.	25 p.c.
238	*Activated carbon*	Free	Free	25 p.c.	Free Free	Free 15 p.c.	25 p.c. 25 p.c.
254	Gums, namely: (1) Copal, damar, benzoin, Pontianac, nattakuching, barberry, elemi, gedda, Senegal, tragacanth, mastic and sandarac (2) Amber and Arabic (3) Australian and kauri; ambergris (4) Gums and blends consisting wholly or in chief part of gums, n.o.p.	Free Free Free Free	Free Free 10 p.c. Free	15 p.c. Free 15 p.c. 15 p.c.	Free Free Free Free	Free Free 10 p.c. Free	15 p.c. Free 15 p.c. 15 p.c.
255	Lac, crude, seed, button, stick and shell	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
255a	*Bleached shellac, including refined or dewaxed bleached shellac*	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
255b	Lac, crude, seed or stick when imported by manufacturers of bleached shellac for use exclusively in the manufacture of bleached shellac in their own factories	Free	Free	Free	Free	Free	Free

262	*Chemical compounds for removing water and salts from crude petroleum oils*	Free	Free	25 p.c.	15 p.c.	20 p.c.	25 p.c.
326c	(4) Glass plates or discs *and prisms*, rough cut or unwrought, for use in the manufacture of optical instruments, when imported by manufacturers of optical instruments	Free	Free	Free	10 p.c.	17½ p.c.	22½ p.c.
364	Diamond dust or bort and black diamonds, for borers; diamond dust mixed with a carrier, in cartridges *or in tubes*, the component material of chief value being diamond dust	Free	Free	Free	12 p.c.	17½ p.c.	27½ p.c.
407	Silent chain and finished roller chain, of iron or steel, and complete parts thereof, of a class or kind not made in Canada, n.o.p., either chain of the type which operates over *or with* gears or sprockets *or radially grooved wheels* with machine cut teeth	Free	20 p.c.	25 p.c.	15 p.c.	22½ p.c.	35 p.c.
409e	(1) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus for the destruction of predatory animals by the discharge of poisonous cartridges and poisonous cartridges for such apparatus; *automatic explosive bird-scaring devices;* starter cartridges for diesel engines; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; dehorning instruments; parts of the foregoing	Free	Free	Free	10 p.c.	22½ p.c.	35 p.c.
	(2) Combination bagging and weighing machines, and grading, grating, washing and wiping machines, *for fresh fruits and fresh vegetables;* machines for topping vegetables; machines for bunching and/or tying cut flowers, vegetables and nursery stock; machines for making or lidding boxes for fruit or vegetables; egg-graders and egg-cleaners; silage caps; parts of the foregoing	Free	Free	Free	Free	Free	Free
409f	Automatic stock watering bowls; Barn hay forks, carriage, pulleys and track; Barn litter carriers and track; Grain crushers; Grain or hay dryers; Grain or hay grinders; Hitches and couplings; Hydraulic hoists for unloading vehicles; *Machines and tools for use on tractors, including blades, loaders, rippers, rakes and related operating and controlling gear;* Milk coolers; Plough bolts; *Sodium metabisulphite;*						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
409f *Con.*	Sprinkler irrigation systems; Steel stanchions for confining livestock either in pens or individually, *and* complete equipment for milking parlors; All the foregoing for use on the farm for farm purposes only; *Brooders for rearing young farm animals;* Ensilage cutters; Fodder or feed cutters; Grain loaders or elevators with a capacity not exceeding 40 bushels per minute; Hay loaders; Hay tedders; Post hole diggers; Potato diggers; Potato planters; Snaths; Stumping machines; All other agricultural implements or agricultural machinery, n.o.p.;						
	Parts of all the foregoing.....	Free	Free	Free	Free Free 10 p.c.	Free 12½ p.c. 22½ p.c.	Free 20 p.c. 35 p.c.
409m	(1) Internal combustion tractors other than highway truck-tractors; accessories for such tractors, *n.o.p.*; parts of all the foregoing.....	Free	Free	Free	Free	Free	Free
409s	*Poultry processing equipment, namely: plucking, scalding, washing, singeing, eviscerating and packaging equipment; parts of the foregoing*.....	Free	7½ p.c.	35 p.c.	10 p.c. Free	22½ p.c. 7½ p.c.	35 p.c. 35 p.c.
410k	Machinery and apparatus, of a class or kind not made in Canada, for use exclusively in handling ore and other materials to be charged into a blast furnace *or an electric smelting furnace*, from the dock, car or stock pile, at the smelting works.....	Free	Free	Free	Various	Various	Various

410p	Sundry articles of metal as follows, for use exclusively in metallurgical operations, viz.: furnaces for the smelting of ores; converting apparatus for metallurgical processes in metals; apparatus for chemical conversion, extraction, reduction or recovery, n.o.p.; machinery for the extraction of precious metals by the chlorination or cyanide processes, not to include pumps, vacuum pumps or compressors; blast furnace blowing engines for the production of pig iron; parts of the foregoing.....	Free	Free	Free	Free	Free	Free
410t	Blowers, of iron or steel, of a class or kind not made in Canada, for use in the smelting of ores, or in reduction, separation or refining of metals, ores or minerals; rotary kilns, revolving roasters and furnaces of metal, of a class or kind not made in Canada, for roasting ore, mineral, rock or clay; furnace slag trucks and slag pots, of a class or kind not made in Canada; and parts of all the foregoing.	Free	Free	Free	Free	Free	Free
418	Machinery and apparatus and parts thereof, for use exclusively in the manufacture of fish meal, liquid fish and fish solubles, stock and poultry food and fertilizers from fish and waste thereof.....	Free	10 p.c.	20 p.c.	Free	15 p.c.	20 p.c.
422a	Concrete road-paving machines, self propelling, end loading type, with a capacity of 21 cubic feet of wet concrete or more; concrete and asphalt road finishing machines; form graders; sub-graders; combination excavating and transporting scraper units; concrete mixers, transit type; dump wagons or trailers, having a capacity of 10 cubic yards or over, not self-propelled; back-filling machines and equipment, mounted on self-propelling wheels or crawling traction, semi- or full-revolving boom and scraper type; steam or air driven pile hammers or extractors; well points, *well screens, well strainers;* truck turntables; all the foregoing of a class or kind not made in Canada, and complete parts thereof.....	Free	10 p.c.	12½ p.c.	20 p.c.	20 p.c.	30 p.c.
423	*Dental chairs; dental units;* electric dental engines; *parts of the foregoing*.....	Free	Free	35 p.c.	10 p.c. 15 p.c. Free	22½ p.c. 22½ p.c. 20 p.c.	35 p.c. 30 p.c. 35 p.c.
427b	(1) Ball and roller bearings for the repair of agricultural implements and agricultural machinery specified in tariff items 409, 409a, 409b, 409c, 409d, 409e, 409f, 409h, 409j, 409k, 409l, 409n, 409o, 409q *and the tractors provided for in tariff item 409m;* parts thereof.	Free	Free	Free	Free	17½ p.c.	35 p.c.
	(2) *Ball and roller bearings of a class or kind not made in Canada, n.o.p.; parts thereof*.....	Free	Free	35 p.c.	Free Free	17½ p.c. Free	35 p.c. Free
	(3) Ball and roller bearings, n.o.p.; parts thereof.....	Free	17½ p.c.	35 p.c.	Free	17½ p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
427m	*Machines and tools, including blades, loaders, rippers, rakes and related operating and controlling gear; all the foregoing for use on internal combustion tractors, other than highway truck-tractors; parts of the foregoing:*						
	(1) *of a class or kind made in Canada*.....	10 p.c.	22½ p.c.	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
	(2) *of a class or kind not made in Canada*.....	Free	7½ p.c.	35 p.c.	Free	7½ p.c.	35 p.c.
432f	*Closures or caps, bearing the tax seal of a foreign government, to be used for capping receptacles holding liquid to be exported*.....	Free	Free	30 p.c.	10 p.c.	20 p.c.	30 p.c.
438b	Bearings, ball or roller; Bearings, clutch release, *with or without collar attached;* Bearings, graphite; Bearings, steel or bronze backed, with non-ferrous metal lining, parts and materials therefor; Bearings, steering knuckle thrust; *Bushings or sleeve bearings of bronze or powdered metal;* Bushings, graphited or oil impregnated; Ceramic insulator spark plug cores not further manufactured than burned and glazed, printed or decorated or not, without fittings; Collars, crankshaft thrust; Compressors and parts thereof, air; Commutator copper segments; commutator insulating end rings; Tapered discs of hot rolled steel, with or without centre hole, for disc wheels; Diaphrams for fuel and vacuum pumps; Distributor rotors and cam assemblies; Door bumper shoes; Electric wiring terminals, sockets, fittings and connectors and parts and combinations thereof, including brackets and fittings permanently attached thereto, but not to include battery terminals; Gaskets of any material except cork or felt, composite or not, parts and materials therefor; Ignition contact points; Keys for shafting;						

	Auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof; Lenses of glass for motor vehicle lamps and for light reflectors; Lock washers; Magnetic plugs; Piston ring castings in the rough, with or without gates and fins removed; Propeller shaft tubes of steel bonded by rubber; Rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies; Steel bolts, studs, plugs, rivets or nuts, capped with stainless steel, and parts thereof; Switches, relays, circuit breakers and solenoids and combinations and parts thereof, including starter switch assemblies; Shift control, electric, for two speed rear axles; Vacuum, hydraulic or air control assemblies and parts thereof; Vulcanized fibre in sheets, rods, strips and tubings;						
	Parts of all the foregoing; All of the foregoing for use in the manufacture or repair of goods enumerated in tariff items 424 and 438a, or for use in the manufacture of parts therefor:–						
	1. When of a class or kind not made in Canada..	Free	Free	30 p.c.	Free	25 p.c.	35 p.c.
	2. When of a class or kind made in Canada.....	Free	17½ p.c.	30 p.c.	Free	25 p.c.	35 p.c.
438c	Ammeters; Arm rests and wheel housing lining of indurated fibre, pressed to shape; Axle housings, one piece welded, machined or not, including parts welded thereto; Carburetors; Chassis frames and steel shapes for the manufacture thereof; Cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base; Control ventilator gear box; Cylinder lock barrels, with or without sleeves and keys thereof; Dash heat indicators; Engine speed governor units; External ornaments unplated, *including name plates, letters and numerals*, not including finish or decorative mouldings; Fluid couplings with or without drive plate assemblies;						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438c *Con.*	Gauges, gasoline, oil or air; Grilles not plated, polished or not before assembly, and parts thereof not plated or polished *after final forming, casting or piercing*, not to include added finish or decorative mouldings; Hinges, finished or not, for bodies; Horns; Instrument bezel assemblies; Instrument board lamps; Instrument panel, glove compartment, luggage compartment, hood compartment and door step lamps and wire assemblies; Locks, electric ignition, steering gear, transmission, or combinations of such locks; Mouldings of metal, with nails set in position, lead filled or not; Oil filter parts, viz:—perforated filter refill oil board bodies, refill end discs, and roll-seam perforated tubes; Ornaments and identification plates of metal, unplated, not including finished or decorative mouldings; Pipe lines of tubing, rigid, covered or not, with or without fittings, and tubing therefor; Purifiers for gasoline, including brackets and fittings therefor; Radiator shutter assemblies, automatic; Radiator water gauges; Radiator shells not plated nor metal finished in any degree; Shackles, bearing spring; Speedometers; Spring covers of metal and closing strips or shapes therefor; Steering wheels, rims and spiders therefor; Sun visor blanks of gypsum weatherboard; Tachometers, with or without tachographs, both electric and gear driven; Thermostatic controls; Throttle, spark, choke, and hood lock release assemblies, including buttons therefor; Torque convertors;						

Auxiliary transmission overdrive units and controls therefor;						
Universal joint ball assemblies;						
Windshield and window wipers;						
Parts of all the foregoing, including brackets, fittings and connections therefor;						
Stampings, body, cowl, fender, front end, hood, instrument board, shields and baffles, of metal in the rough, trimmed or not, whether or not welded in any manner before final forming or piercing, but not metal finished in any degree;						
All of the foregoing when for use in the manufacture or repair of the goods enumerated in the tariff items 410a(iii), 424 and 438a, or for use in the manufacture of parts therefor	Free	17½ p.c.	30 p.c.	Free	25 p.c.	35 p.c.
(1) provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a whose total factory output, during the year in which importation is sought, does not exceed ten thousand such complete passenger automobiles, and provided that not less than forty per cent of the factory cost of production of such automobiles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	25 p.c.			
(2) provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds ten thousand, but does not exceed twenty thousand such complete passenger automobiles, and provided that not less than fifty per cent of the factory cost of production of such automobiles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	25 p.c.			

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438c *Con.*	(3) provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds twenty thousand such complete passenger automobiles, and provided that not less than sixty per cent of the factory cost of production of such automobiles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.			
	(4) provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances, and hearses, or chassis for same, as enumerated in tariff items 410a(iii), 438a and 424, whose total factory output of such vehicles during the year in which importation is sought, does not exceed ten thousand such vehicles, and provided not less than forty per cent of the factory cost of production of such vehicles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.			
	(5) provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances and hearses, or chassis for same, as enumerated in tariff items 410a(iii), 438a and 424, whose total factory output of such vehicles during the year in which importation is sought, exceeds ten thousand units, and provided not less than fifty per cent of the factory cost of production of such vehicles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.			

	(6) Provided, that if the above articles are of a class or kind not made in Canada and are for use in the repair of the goods enumerated in tariff items 410a(iii), 424 and 438a, or are for use in the manufacture of repair parts therefor, the rates of duty under this item shall be	Free	Free	25 p.c.			
	(7) Provided that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						
438i	Body bottom cross members and steel shapes for the manufacture thereof;						
	Bumpers, front and rear, including spring steel bumper plates;						
	Casket tables or platforms for hearses;						
	Destination and route sign assemblies, illuminated or not;						
	Direction signals, illuminated or not;						
	Door and step mechanism, hand, vacuum or air operated;						
	Door locks and catches;						
	Electric switches, buzzers, bells, push buttons, fuse assemblies;						
	Forward drive control conversion assemblies;						
	Lamps of all kinds, illuminating and indicating, including sockets, flanges, terminals, glassware, lenses and gaskets therefor, assembled or not, but not to include lamp bulbs, sealed beam units, and electric head lamps;						
	Metal stampings and assemblies thereof, *whether or not coated with oil, primer or sound deadening compound;*						
	Rubber fenders;						
	Seat operating mechanisms;						
	Ventilators, including motor driven fan type, and grilles;						
	Window operating mechanisms;						
	Parts of all the foregoing;						
	All of the foregoing when imported to be used only in the manufacture or repair of motor truck bodies, motor bus bodies, electric trackless trolley bus bodies, fire fighting vehicles, ambulances and hearses	Free	Free	20 p.c.	Free	Free	20 p.c.
439g	*Ships and other vessels, for use in the commercial fishing industry, over 100 feet registered length*	Free	Free	25 p.c.	Free	25 p.c.	25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
440m	Aircraft, not including engines, under such regulations as the Minister may prescribe:—						
	1. When of types *or* sizes not made in Canada...	Free	Free	27½ p.c.	Free	Free	Free
	on and after July 1, 1958.....	Free	15 p.c.	27½ p.c.			
	2. When of types and sizes made in Canada.....	Free	15 p.c.	27½ p.c.	Free	15 p.c.	27½ p.c.
440n	*Aircraft* engines, when imported for use in the equipment of aircraft:—						
	1. When of types *or* sizes not made in Canada....	Free	Free	27½ p.c.	Free	Free	Free
	on and after July 1, 1958.....	Free	15 p.c.	27½ p.c.			
	2. When of types and sizes made in Canada.....	Free	15 p.c.	27½ p.c.	Free	15 p.c.	27½ p.c.
440p	*Parts of aircraft, n.o.p.:*						
	1. *When of types or sizes not made in Canada*.....	Free	Free	27½ p.c.	Various	Various	Various
	2. *When of types and sizes made in Canada*.....	Free	15 p.c.	27½ p.c.	Various	Various	Various
440q	*Parts of aircraft engines, n.o.p.:*						
	1. *When of types or sizes not made in Canada*.....	Free	Free	27½ p.c.	Free	7½ p.c.	27½ p.c.
	2. *When of types and sizes made in Canada*.....	Free	7½ p.c.	27½ p.c.	Free	7½ p.c.	27½ p.c.
440r	*Auxiliary power units;* Bars, tubes, extrusions of aluminum, aluminum alloys and magnesium alloys; Batteries; Bolts, cocks, *cotter pins*, *eyelets*, nuts, pins, *rivets*, *screws*, turnbuckles and clevis, *washers*; Brakes, with related operating gear; Carburetors; Direct or inertia starters with or without related operating gear; Distributors; De-icing and anti-icing equipment; *Electric* generators; *Electric lamps;* Exhaust gas analyzers; Fuel pressure warning devices; Forgings *and castings*;						

	Hinges; Hydraulic jacks; Hydraulic pumps; Ignition coils; Instruments; Landing and navigation lights; Magnetos; Oil coolers; Pressure fire extinguishers; Primer pumps; Propellers *and helicopter rotors;* *Radio for navigation and air traffic communication;* *Seats;* Spark plugs; Steel tubing; Swaged wires and tie rods; Tires and *tire inner* tubes; Vacuum pumps with related operating gear; Voltage control boxes; Wheels; *Parts of all the foregoing;* *All of the foregoing when of types or sizes not made in Canada and for use in aircraft, aircraft engines, airborne aircraft equipment, or parts of aircraft, aircraft engines, or airborne aircraft equipment*	Free	Free	27½ p.c.	Various	Various	Various
443c	Automatic pilots, thermostatic controls, thermostatically-operated controls, hydrostatically-operated controls and parts of the foregoing, of a class or kind not made in Canada, for use in the manufacture of gas water heaters	Free	5 p.c.	30 p.c.	Free	10 p.c.	30 p.c.
443f	*Fryers, equipped with automatic conveyors, for use in the commercial processing of food; parts of the foregoing*	Free	7½ p.c.	30 p.c.	15 p.c.	22½ p.c.	30 p.c.
447b	Forged steel rolls, hardened and ground; *solid tungsten carbide rolls; steel rolls, faced with tungsten carbide on the rolling surface; any roll of iron or steel consisting of a forged or cast mandrel and a forged sleeve; all of the foregoing* for use exclusively in rolling ferrous or non-ferrous metals	Free	Free	Free	10 p.c. Free	22½ p.c. 7½ p.c.	35 p.c. 35 p.c.
476	Surgical and dental instruments of any material; surgical needles; clinical thermometers and cases therefor; X-ray apparatus *and X-ray film;* microscopes valued at not less than fifty dollars each, retail; complete parts of all the foregoing	Free	Free	Free	Free	Free	Free
476d	*Gloves, mittens and other wearing apparel; all of the foregoing when lead-impregnated or lead-lined, for the use of X-ray operators*	Free	Free	Free	20 p.c.	25 p.c.	45 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
481a	*Individual pairs of boots or shoes for defective or abnormal feet, when purchased on the written order of a registered medical practitioner*	Free	Free	40 p.c.	20 p.c.	27½ p.c.	40 p.c.
523f	Woven fabrics of cotton, not coloured, for use in the manufacture of typewriter ribbons	Free	12½ p.c.	15 p.c.	17½ p.c.	17½ p.c. and 3 cts. per pound	27½ p.c. and 4 cts. per pound
532e	*Fabrics wholly of cotton, coated or impregnated, for use in the manufacture of projection screens*	Free	Free	20 p.c.	Free	Free	20 p.c.
541	Woven fabrics, wholly of jute, not bleached nor coloured, n.o.p.	Free	5 cts. per 100 lineal yards	15 p.c.	Free	5 p.c.	15 p.c.
550d	*Garnetted material, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, in the natural or undyed state, but not containing silk, nor synthetic fibres or filaments, nor cotton, for use in Canadian manufactures*	Free	Free	Free	Free	Free	Free
557b	Garnetted material wholly of silk or of synthetic textile fibres or filaments, obtained by disintegrating cocoons, yarns or fabrics, prepared for use; waste portions of unused fabrics, wholly of silk or of synthetic textile fibres or filaments, n.o.p., not to include remnants nor mill ends	Free	7½ p.c.	10 p.c.	Free	7½ p.c.	10 p.c.
557c	*Synthetic staple fibres not exceeding twelve inches in length, not more advanced than in the form of sliver; continuous or uncut synthetic filaments imported for converting into lengths not exceeding twelve inches, for use in the manufacture of textile yarns or flock, n.o.p.*	Free	7½ p.c.	10 p.c.	Free	7½ p.c.	10 p.c.
561d	Woven cord tire fabric, wholly or in chief part by weight of synthetic textile fibres or filaments, not to contain silk nor wool, coated with a rubber composition, when imported by manufacturers of rubber, to be incorporated by them in pneumatic tires, in their own factories	Free	17½ p.c. 3½ cts. and, per pound	25 p.c. 4 cts.	Free	17½ p.c. 3½ cts.	25 p.c. 4 cts.

604c	*Alum tanned horsehide leather when imported for use in the manufacture of baseballs*	Free	7½ p.c.	27½ p.c.	Free	7½ p.c.	27½ p.c.
663i	*Defluorinated calcium phosphates* for use in the manufacture of animal or poultry feeds	Free	Free	Free	Free	Free	Free
671	Artificial abrasive grains, crushed or ground	Free	Free	Free	Free	15 p.c.	25 p.c.
681c	*Cobalt-bearing scrap imported by refiners or smelters for the recovery of the cobalt and attendant by-products*	Free	Free	Free	Free	Free	Free
695a	Paintings, *drawings* and pastels *by artists, all of the foregoing when* valued at not less than twenty dollars each; paintings and sculptures by artists domiciled in Canada but residing temporarily abroad for purposes of study, under regulations by the Minister	Free	Free	Free	12½ p.c.	20 p.c.	22½ p.c.
696a	Moving picture films, sound or silent, separate sound film track, slides and slide films, positive or negative; sound discs, records and transcriptions; models, static and moving; wall charts, maps and posters; when certified by the Government or by a recognized representative authority of the Government of the country of production or by an appropriate representative of the United Nations Educational, Scientific and Cultural Organization as being of an international educational, scientific or cultural character; subject to such regulations as the Minister may prescribe	Free	Free	Free	Free	Free	Free
696d	*Sound recordings for the use and by order of any society or institution incorporated or established solely for religious purposes, and not for sale or rental, under such regulations as the Minister may prescribe*	Free	Free	Free	Free	Free	Free
696e	*Articles and materials designed for the training of mentally retarded children, when for the use and by order of any association, society or institution which trains mentally retarded children*	Free	Free	Free	15 p.c. Various	20 p.c. Various	30 p.c. Various
703	(c) Goods (not including alcoholic beverages, cigars, cigarettes or manufactured tobacco) imported (1) by members of the Canadian Armed Forces or by employees of the Canadian Government after an absence from Canada of not less than one year, *or* (2) *by former residents of Canada returning to Canada to resume residence therein after having been residents of another country for a period of not less than one year,*						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
703 *Con.*	and acquired by them for personal or household use and actually owned abroad by them for at least six months before their return to Canada, under such regulations as the Minister may prescribe.....	Free	Free	Free	Various	Various	Various
	Any such goods that are sold or otherwise disposed of within twelve months after importation are subject to the duties and taxes otherwise prescribed.						
711	All goods not enumerated in this schedule as subject to any other rate of duty, and not otherwise declared free of duty, and not being goods the importation whereof is by law prohibited.....	15 p.c.	25 p.c.	25 p.c.	15 p.c.	25 p.c.	25 p.c.
	Duty shall not be deemed to be provided for by this item upon dutiable goods mentioned as "n.o.p." in any *other* tariff item.						
	When the component material of chief value in any non-enumerated article consists of dutiable material enumerated in this schedule as bearing a higher rate of duty than is specified in this tariff item, such non-enumerated article shall be subject to the highest duty which would be chargeable thereon if it were composed wholly of the component material thereof of chief value, such "component material of chief value" being that component material which shall exceed in value any other single component material in its condition as found in the article.						
901	(a) Synthetic resins without admixture, including scrap or waste:						
	1. Phenol-aldehyde type.....	7½ p.c.	7½ p.c.	17½ p.c.	Free	Free	10 p.c.
	2. Amino-aldehyde type.....	Free	Free	10 p.c.	Free	Free	10 p.c.
	3. Alkyd type.....	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	4. Polyamide type.....	Free	Free	10 p.c.	Free	Free	10 p.c.

	5. Polystyrene type	7½ p.c.	7½ p.c.	17½ p.c.	7½ p.c.	7½ p.c.	17½ p.c.
	6. Vinyl type, except vinylidene	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	7. Resins derived from natural resin or tall oil, n.o.p.	Free	Free	10 p.c.	Free	Free	10 p.c.
	8. *Polyethylene type*	7½ p.c.	7½ p.c.	17½ p.c.	Free	Free	10 p.c.
	9. Other type	Free	Free	10 p.c.	Free	Free	10 p.c.
	(b) Synthetic resins in the form of aqueous emulsions, aqueous dispersions or aqueous solutions, without admixture:						
	1. Phenol-aldehyde type	7½ p.c.	7½ p.c.	17½ p.c.	Free	Free	10 p.c.
	2. Amino-aldehyde type	Free	Free	10 p.c.	Free	Free	10 p.c.
	3. Alkyd type	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	4. Polyamide type	Free	Free	10 p.c.	Free	Free	10 p.c.
	5. Polystyrene type	7½ p.c.	7½ p.c.	17½ p.c.	7½ p.c.	7½ p.c.	17½ p.c.
	6. Vinyl type, except vinylidene	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	7. Resins derived from natural resin or tall oil, n.o.p.	Free	Free	10 p.c.	Free	Free	10 p.c.
	8. Other type	Free	Free	10 p.c.	Free	Free	10 p.c.
902	Synthetic resins, compounded with other materials, in any form, including scrap or waste, for moulding, casting, extruding, calendering, pressing, (moulding compositions or materials for processing into moulding compositions); synthetic resins compounded with other materials in the form of not fully cured preforms or not fully cured blanks for compression mouldings:—						
	(*a*) Phenol-aldehyde type	10 p.c.	15 p.c.	25 p.c.	10 p.c.	15 p.c.	25 p.c.
	(*b*) Alkyd type	5 p.c.	5 p.c.	15 p.c.	5 p.c.	5 p.c.	15 p.c.
	(*c*) Polystyrene type	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
	(*d*) Vinyl type, except vinylidene	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
	(*e*) *Polyethylene type*	10 p.c.	10 p.c.	20 p.c.	Free	Free	10 p.c.
	(*f*) Other type	Free	Free	10 p.c.	Free	Free	10 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
905	Synthetic resin plates, sheets, film, sheeting or strips, not less than 6 inches in width, n.o.p.; synthetic resin lay-flat tubing, not less than 6 inches in circumference, n.o.p.:—						
	(*a*) Phenol-aldehyde type, not further manufactured than cast	Free	Free	10 p.c.	Free	Free	10 p.c.
	(*b*) Acrylic type, not further manufactured than moulded or cast	Free	Free	10 p.c.	Free	Free	10 p.c.
	(*c*) Polyethylene type:						
	1. Plain, uncoated, undecorated	12½ p.c.	12½ p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
	2. Other	15 p.c.	15 p.c.	25 p.c.	15 p.c.	15 p.c.	25 p.c.
	(*d*) Vinyl type, except vinylidene:						
	1. Plain, uncoated, undecorated	15 p.c.	15 p.c.	25 p.c.	15 p.c.	15 p.c.	25 p.c.
	2. Other	15 p.c.	20 p.c.	30 p.c.	15 p.c.	20 p.c.	30 p.c.
	(*e*) Vinyl type, vinylidene:						
	1. Plain, uncoated, undecorated	Free	Free	10 p.c.	Free	Free	10 p.c.
	2. Other	Free	Free	10 p.c.	Free	Free	10 p.c.
	(*f*) Other type:						
	1. Plain, uncoated, undecorated	Free	Free	10 p.c.	Free	Free	10 p.c.
	2. Other	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
925	*Phenol-aldehyde resins in the form of aqueous emulsions, aqueous dispersions or aqueous solutions, without admixture, for use in the manufacture of plywood*	Free	Free	17½ p.c.	Free	Free	10 p.c.

2. Resolved, that Schedule B to the Customs Tariff be amended by striking out tariff items 1044, 1052 and 1053, the enumerations of goods and the rates of drawback of customs duties set opposite each of the said items, and by inserting the following items, enumerations and rates of drawback of customs duties in said Schedule B:

Item No.	Goods	When Subject to Drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Drawback
1019	*Electric-welded pipe of iron or steel, more than sixteen inches in diameter, iron or steel couplings therefor and complete parts of such couplings.*	*When used in the transmission of natural gas under high pressure to points of distribution*	50 p.c.
1044	Fire brick	When used by producers *of ingots, blooms, slabs and billets of iron or steel*, in the construction or repair of blast furnaces, blast furnace stoves, open hearth furnaces (including checker chambers) and soaking pit furnaces	99 p.c.
1052	Machinery; precision instruments and apparatus for heat treating, welding, sorting, testing, inspecting or correcting; control panels *for use with the aforementioned machinery and precision instruments and apparatus;* all of the foregoing of a class or kind not made in Canada; accessories and attachments for use with the aforementioned machinery and precision instruments and apparatus; parts of all the foregoing, not including consumable tools.	When for use in the plants of manufacturers of automobiles and motor vehicles or of automobile or motor vehicle parts for the manufacture of automobiles and motor vehicles or of automobile or motor vehicle parts	99 p.c.
1053	Machinery; *precision instruments and apparatus for heat treating, welding, sorting, testing, inspecting, or correcting; control panels for use with the aforementioned machinery and precision instruments and apparatus; all of the foregoing of a class or kind not made in Canada; accessories and attachments for use with the aforementioned machinery and precision instruments and apparatus; parts of all the foregoing*, not including consumable tools.	When for use in the *manufacture* of aircraft, aircraft engines, *airborne* aircraft equipment, or of parts of the foregoing	99 p.c.
1071	*Materials of a class or kind not made in Canada*	*When for use in the manufacture or repair of aircraft, aircraft engines, airborne aircraft equipment, or of parts of the foregoing*	99 p.c.

3. Resolved, that Schedule C to the Customs Tariff be amended by striking out tariff item 1209 and by inserting the following item in said Schedule C:

1209	Any goods (*a*) *the importation of which has been prohibited by an order made under section 51 of the Trade Marks Act or had been specifically prohibited under this item before April 1, 1955, except with the consent of the person or the successor of the person at whose instance the prohibition has been imposed; provided however that specific prohibition relating to goods to which a trade mark registered in Canada has been applied may be removed if the registration of such trade mark is expunged or struck out or cancelled or is amended to exclude such goods, or* (*b*) *in association with which any description is used that is false or incomplete in a material respect and likely to mislead the public as to the geographical origin of such goods.*

4. Resolved, that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the 6th day of April, 1955, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on or after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

(*See also Budget Papers, pages 2769 to 2858.*)

Mr. J. M. Macdonnell (Greenwood): Enthusiasm, Mr. Speaker, is really a delightful thing. Further, it seems to me that the enthusiasm of those who sit around us has no relation whatever to what is said; it is just enthusiasm on its own. Last year, when the news was not so good, the enthusiasm was just as great, so far as I can remember, and the noise was just as loud. I seem to have stood here just as long tonight as I did then.

Tonight, of course, we have a change. I am sorry the Minister of Trade and Commerce (Mr. Howe) has to leave us but I wish him bon voyage. We have had a change of taskmasters, I might say of tax masters. Last year we had a swan song and this year we have a chicken breaking out of the shell. I am sure all hon. members across the way would wish me to say, "Some chicken". I was told not long ago that we might expect a change, that the budgets we had been having were St. James street budgets and now we would have a Grey-Bruce budget. I am not so sure. I think perhaps the people of St. James street may think it is a Grey-Bruce budget and the people of Grey-Bruce may think it is a St. James street budget. At any rate I will leave that without trying to decide.

We now have the answer to the minister's speech of last November in Montreal, which I heard. At that time he teased us along. He referred rather patronizingly to the timid attitude of the taxpayers who apparently were ready to be fleeced of all the money the government wanted to take out of them. At the end of the speech many people thought, and apparently they were right, that the minister had intended to indicate a tax reduction. I confess I was dizzy then, and I am a little dizzy now. But now we have the story. Whatever else can be said, I think we can regard this as a delightful excursion into optimism. I think the Minister of Trade and Commerce, and I am sorry he has gone, must have been green with envy to see the optimism of the Minister of Finance. I cannot help wondering if this is an election year, because under his predecessor, in spite of his winning ways, we did not always get tax reductions, even when things were rather good. Even when one of those surpluses built up on inflated money came along so unexpectedly, we did not always get tax relief. We usually had to wait for the election year.

As I say, the Minister of trade and Commerce must be green with envy, because this is really a big adventure in optimism. Let me give you one or two figures. In 1953, our record year, the gross national product, as we call it, was $24.4 billion. The year 1954 disappointed us and the gross national product was only $24 billion. Now, in 1955, I cannot quite make out what the minister is doing. He seems to waver between $25.25 billion and $26 billion. At one time I thought he was saying $25.25 billion, and in the next breath he seemed to be saying $26 billion. On the basis of $26 billion we would get a revenue which is estimated at $4,550 million. On the basis of $25.25 billion we would get $4,350 million. On the lower basis, then, we would have a deficit of $160 million, following one this year of $194 million.

Then the minister used a curious phrase. After outlining the $160 million he said "in line with my earlier analysis, as we reach a level of economic activity represented by $26 billion" not "if" we reach, but "as" we reach. I just point that out to show the delightful optimism on which this budget is based and which we may all hope is fully realized.

Mr. Sinclair: Belief in our country.

Mr. Macdonnell: Oh, yes.

Mr. Sinclair: We believe.

Mr. Macdonnell: Yes; so did the previous minister believe. Last year he was not quite so optimistic, though he was optimistic; and even then it did not quite work out.

Now, deficits are things we should fully understand. We should realize what happens when we have a deficit; we should realize what it means. It means that the minister, after wringing out of us every dollar that he feels he can, after scraping the barrel, or rather the pocket, then goes out and borrows money. This year we shall have to borrow $194 million in order to keep level, and that means you and I and all the other taxpayers will have to pay that money back.

In the coming year the minister, by allowing his imagination free vent, and allowing himself to think of $26 billion, which is a much higher figure than any economist I happen to know has given, is able to believe that this $160 million will be reduced, and we may well hope that it will.

I do not propose to go into the details of the tax reductions. That can come later. Tax reductions are always pleasant; but now, after this pleasant voyage of the imagination, I should like to come back and deal with a few of the facts of life because it seems to me the minister has ignored them entirely.

I was fascinated by some of his figures. Perhaps I did not hear every word of the speech but in general I think we can say that he dealt with the delightful things of life, optimism, the belief in billions and billions

swelling and growing in taxes. They grow in his hands and enable him in a way to have optimism to make these tax reductions. But I want to come back and remind him that he has said nothing to comfort the people in this country who are suffering at the present time. There is nothing here for them. They might as well not exist so far as I can see.

We have really been on a pleasant voyage. I do not know whether or not it is a voyage of discovery, but we have been on a pleasant voyage. We have not had to bother about these unpleasant things which plague us. I must now ask the minister and the rest of us to come back to some of the realities of life. In the first place, I should like to point out that while tax reductions are pleasant things, they should not come out of deficits; they should not have to be borrowed. We should not have money given back to us which we shall have to pay back again, money which has been borrowed. We should get tax reductions from savings of expenditures, and of course that is what we have not got.

Another thing I should like to point out is that this is inflation. It is going counter to what wise nations such as Britain and United States are doing. They are turning away from inflation and we are going further into it. I also want to point out that though we are apt to forget these people, this is anoher blow to that great element in the community who are not able to keep pace with rising costs. We are also inclined to forget that they are still suffering from high costs. I refer to the people on fixed incomes.

After these pleasant boastings let us come back and, as I say, try to remind ourselves of some of the facts of life, try to remind ourselves of those people who, as I said, have not tasted the good things of life, and are not going to taste very much of these good things that we have now. I am going to remind you of some of the things that have not been done. We have been told tonight of the things we hope are going to be done if the pleasant future painted for us turns out to be a reality. But we have been told of nothing that is to be done for the people who at the present time are suffering, and we have been told nothing about the other neglects, of government neglect not only of the unemployed but neglect with regard to trade, because after all some of the things which are very real and which the minister did not refer to will have to be dealt with. As we all know, it has been a great disappointment to us that apparently nothing at all has been done with regard to improving the position of commonwealth trade. Yet, of course, we are still asked to believe that complete wisdom resides on the government benches.

We come now to the deficit, which is not a good thing. There is not a word to indicate any sense of uneasiness. There is not a suggestion that there is any chagrin. Certainly there is not a suggestion of any apology to the people of Canada. But after several years of booming times, of good times, they have not been able to organize the economy so people can get work. After all, in two general elections we were told that everything was going to be taken care of.

What do we find now? We find that in this community of ours there is unbalance. Is it natural, is it right that there should be 613,000 people applying for employment on February 15, or that there should be 379,000 out of jobs and seeking work? Both these figures are substantially greater than they were the month before. That does not sound like this pleasant excursion that we have been taking where everything in the garden was lovely. Yet is there any suggestion of any kind that anything could have been done better than it has been done? Not a word. The Government, like Louis XIV, have come to believe that they are the state, and that what they do is right. No long ago when I ask a question the Minister of Finance really answered by saying, "Have we not been in power 20 years?" That was an answer I did not expect to get from him. I have had that from other people. The minister laughs. He can look it up.

As we survey what has been done; as we ask questions about unemployment and what has been done about trade, and as we get no answer I am reminded—I think I used this illustration once before—of the French exercises we did. They were not very well constituted. They might have been done much better. They were always in the form of question and answer, and the answer never had anything to do with the question. The question would be, "Have you the axe of the butcher?" The answer would be, "No, but I have the pen of the Sunday school teacher." In the same way we ask the government, "Have you done anything to improve employment? Have you done anything in regard to trade?" The answer comes back, "No, but in the Historic Sites and Monuments Act we have provided stenographic assistance for the members of the board."

I want to say a word about unemployment tonight. It is an old topic. My remarks will not be very long. I want to say a word about the debate that took place because it seemed

to me—and of course I may be a little prejudiced—that as we talked about it we were distressed, as the hon. member for Hamilton West (Mrs. Fairclough) said, about cold bodies and empty stomachs. It seemed to me that on the other side they were talking about figures; they were talking about economic conditions. When we said there were hundreds of thousands of people unemployed the answer was "Well, there are millions employed." And that was true, of course. But what good did it do to those who were unemployed? That was the answer we got. As the hon. member for Hamilton West said, you cannot eat Kitimat; and you cannot eat this budget, either.

I just want to add a word to what I am saying about unemployment, because I think it is symptomatic. I did not take part in that debate but I watched it for a day and I was absoluely amazed by two things. I was amazed first of all that the government did not seem to be taking it seriously. The Prime Minister sat it out.

Mr. Speaker: Order.

Mr. Macdonnell: I was surprised by that.

Mr. Speaker: It is not because at this particular moment the hon. member has happened to refer to the attitude of the Prime Minister in the last debate that I am interrupting him. I assure the hon. member that he may refer to the situation with respect to employment at this particular moment, but he cannot refer to a previous debate which has already been concluded. I ask him not to review the situation with respect to a debate which has been concluded. I thought he was merely going to make a passing reference to that and therefore did not interrupt him, but I find that at this moment he seems to be very much engaged in that direction and I must ask him to come back to an observance of the rules.

Mr. Macdonnell: Mr. Speaker, as always I shall defer to your ruling. I shall change slightly what I was going to say. I am sure you will allow me to ask the Prime Minister a question. I should like to ask him whether he is happy about the employment conditions which exist in the province of Quebec, particularly in his own city. I am sorry the Minister of National Revenue (Mr. McCann) has gone, as I intended to ask him whether he is satisfied. I want to ask the Minister of Labour (Mr. Gregg) whether employment in New Brunswick and particularly in his own riding is good. I want to ask the Minister of Transport (Mr. Marler) how things are in St. Lawrence-St. George.

[Mr. Macdonnell.]

Mr. Marler: Ask the hon. member from that riding.

Mr. Macdonnell: I feel confident that not one of these hon. gentlemen will answer that he is satisfied, nor will anyone else.

I hope I am within the rules when I say that I think these questions demand answers now, and we should not have to wait for these predictions which the minister hopes are going to turn out or which may turn out. There was a headline in one of the papers the other day with reference to what the Prime Minister had said, which read "Woes temporary". I would say in answer to that that life is also temporary. It will not help those who are unemployed to be told that their woes are temporary.

I have tried to indicate what seems to me to be the situation respecting this budget. We are going to be given some money which will be borrowed. The minister has taken a most optimistic view of our expectations for the year, far more optimistic than any I have seen. He is going to borrow this money and hopes that by the time the year is over it will turn out that he has not had to borrow much.

I contend that these tax reductions should have come through savings. I say that there are no thanks due to the government for them. The reason we have not had these reductions sooner is that there has been no true economy. A great deal is said about economy, but if you examine it you will find that we are to spend next year, apart from defence, approximately as much as we are spending this year. It was pointed out by Blair Fraser in *Maclean's* magazine the other day that our civil service list is up this year by about 9,000, and is going to be up another 8,000 next year. For example, there are 89 architects throughout the service.

While everyone in this chamber has the interests of the civil service at heart and wants to do everything he can for them, the very fact that their numbers are diluted by adding thousands weakens their position and makes it harded than ever to do what one would like to do for those who are there. Next year we will have a bill of something like $50 million for the additions to the civil service. That is the kind of thing we are entitled to expect this government to do something about.

This excursion in optimism, pleasant as it has been, is something like the flowers that bloom in the spring. I will not say that it has nothing to do with the case, but it does not cover the situation. There are other pressing things to be done about which we have heard nothing but about which we hope to

hear much more later. The government has tried by means of this gratuity to spread things thin and give something to as many people as possible in order to create a good impression, but we shall see whether the taxpayers are taken in by this simple device.

On motion of Mr. Macdonnell the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: My understanding is that the hon. member for Notre Dame de Grace was about to complete his remarks on the motion to go into supply, and as we have ten minutes we could probably carry that motion tonight if there were no other speakers and then have tomorrow free for the continuation of the debate on external affairs. I do not know whether there are other speakers, but I understand there are not.

Mr. Rowe: You have done pretty well today, and you had better call it a day.

Mr. Harris: If that were the case we could go on with that item.

Mr. Drew: I certainly wish to see the business of this house facilitated, but I believe it is a time-honoured practice for a partial answer to be given on behalf of the opposition to the budget speech and then for the house to adjourn. I think it would be well for that practice to be followed tonight.

Mr. Harris: I just make one caveat, that it has not been a time-honoured practice except in recent years. However, I have no objection, but I do hope hon. members will carry both motions tomorrow, because I think they should be completed before we leave. Therefore I move the adjournment of the house.

It is my understanding that the hon. member for Greenwood does not desire to resume his remarks until the Tuesday after we come back. Accordingly this debate will be continued on Tuesday for the balance of that week.

Motion agreed to and the house adjourned at 9.50 p.m.

BUDGET PAPERS

presented by

the Honourable W. E. Harris, M.P.,

for the information of Parliament

in connection with the Budget of 1955-56

BUDGET PAPERS

Presented by

the Honourable W. E. Harris, M.P.,

for the information of Parliament

in connection with the Budget of 1958-59

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1954, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government accounts for the fiscal year ended March 31, 1955.

PART I

ECONOMIC REVIEW OF 1954

PAGE

1. National Accounts—
   - National Income and Product 2773
   - National Expenditure 2775
   - Personal Income and its Disposition 2776
   - Source and Disposition of Saving 2779
   - Investment and Capital Expenditure 2780
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The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics and other Government Agencies. Some of the figures appear for the first time; others have been published elsewhere. All 1954 estimates are preliminary and subject to revision.

THE NATIONAL ACCOUNTS

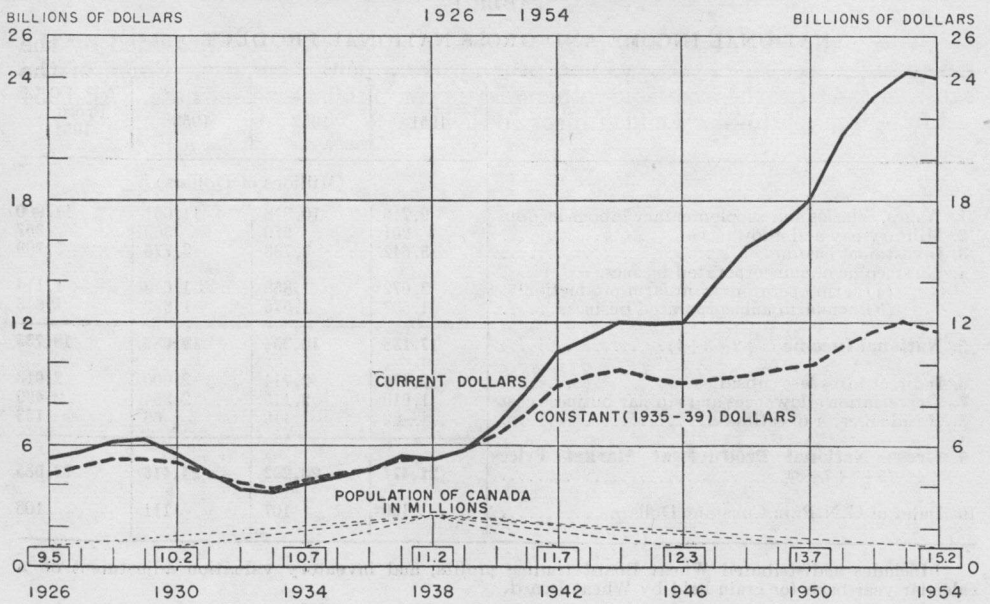
National Income and Product

Gross national product for 1954 is estimated at $24·0 billion, a decline of $·4 billion from 1953. This indicates a reduction of 2 per cent in terms of value; but in terms of volume or real product the decline may have been slightly larger. The decline in production for 1954 is in sharp contrast with the large gains of the four years 1950 to 1953; and came about despite a further increase in the potential of the economy, because the effect of some slackening in aggregate demand was combined with a large and fortuitous reduction in the western grain crop. During the year population increased by 3 per cent. Despite an increase of 1 per cent in the civilian labour force, there was a small decrease in the number of people employed. Unemployment was in consequence substantially above the levels of 1953.

For the most part, the decline in production was confined to the goods producing industries, particularly agriculture and manufacturing. The reduction in agricultural output was itself equal to about 2 per cent of gross national product. But this decline was the result of natural and uncontrollable factors and its impact was partly offset by the existence of large inventories of grain. In this sense it was less significant than the shrinkage in manufacturing output which was a reflection of weakened demand. The largest offsets to these two major declines were provided by the continuing expansion of services and by increases in the primary industries other than agriculture, notably in mining. There was also some gain in the construction industry where increases in home building more than outweighed the decline in non-residential construction.

Although production in 1954 was lower for the year as a whole than in 1953, there was an upturn in the volume of production in the last quarter of the year. The fourth quarter estimate of gross national product exclusive of agriculture was higher on a seasonally adjusted basis than any previous quarter

GROSS NATIONAL EXPENDITURE
IN CURRENT AND CONSTANT 1935-39 DOLLARS



in either 1954 or 1953. At the same time the index of industrial production, which was consistently below 1953 throughout the first nine months of 1954, exceeded the 1953 level in the fourth quarter. This was partly the result of increased activity in mining, exaggerated in the year-to-year comparison because strikes adversely affected production in the latter part of 1953. Although non-durable manufactures showed some increase, manufacturing as a whole remained below the 1953 level largely because of continued slackness in the iron and steel and transportation equipment industries.

Salaries and wages, inclusive of military pay and allowances, increased by $297 million or 2 per cent in 1954 compared with an increase of 8 per cent in the previous year. All of the increase was accounted for by higher rates of pay since there was a decline of about 1 per cent in the number of paid workers. For the three-year period following 1951 labour income increased by $2,350 million, almost 1½ times the total increase in national income. Farm income and corporation profits were both at peak levels in 1951 and have declined in each year since then. As a result, labour income grew from 58 per cent of national income in 1951 to 65 per cent in 1954—the highest percentage in the last twenty years.

Net farm income declined by almost one-third from the previous year's level. Most of this decline was the result of the poor western grain crop. The reduction in farm cash income was considerably smaller than the reduction in farm net income and amounted to about 12 per cent. This was because the effect on cash income of a lower volume of production was partially offset by the running down of farm inventories. In areas other than the prairie provinces there was actually a modest gain in farm cash income. During the year there was a slight increase in the agricultural labour force, a change from the downward trend which has been noticeable for some time.

Net income of unincorporated businesses other than farming is estimated to have decreased by about 3 per cent. This decline was concentrated in manufacturing and retail trade.

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income	9,716	10,818	11,661	11,900
2. Military pay and allowances	201	270	309	367
3. Investment income	3,642	3,733	3,775	3,709
4. Net income of unincorporated business—				
(a) farm operators from farm production[1]	2,072	1,858	1,649	1,114
(b) non-farm unincorporated business	1,507	1,575	1,692	1,645
5. National Income (1+2+3+4)	**17,138**	**18,254**	**19,086**	**18,735**
6. Indirect taxes less subsidies	2,478	2,714	2,900	2,913
7. Depreciation allowances and similar business costs	1,910	2,115	2,364	2,490
8. Residual error of estimate	−52	119	66	−153
9. Gross National Product at Market Prices (5+6+7+8)	**21,474**	**23,202**	**24,416**	**23,985**
10. Index of G.N.P. in Constant Dollars	100	107	111	108

[1] Includes undistributed Wheat Board trading profits, and inventory valuation adjustment on a calendar year basis for grain held by Wheat Board.

Investment income is estimated to have declined by $66 million or 2 per cent in 1954. But within this total there were opposite tendencies. Corporation profits, the largest single component, fell for the third successive year; and this decline, estimated at 7 per cent, brought the total to about 15 per cent below the peak of 1951. The decline of 1954 reflects the weakening of demand as well as the generally more competitive conditions induced by growth in capacity and supply. Interest and rents, the other major part of investment income, are estimated to have increased by about 12 per cent under the combined influence of somewhat higher rents and increases in the stock of housing and the amount of interest-bearing securities outstanding.

National Expenditure

During 1954 gross national expenditure fell by 2 per cent. There was a sizeable decrease in the amount of capital expenditure; exports and defence spending were lower and the economy received no such stimulus as in 1953 from additions to inventories. But consumer expenditure continued to grow.

Consumer expenditure rose from $15,115 million in 1953 to $15,581 million in 1954, an increase of $466 million or 3 per cent compared with the increase of $752 million or 5 per cent in 1953. This increase in consumer spending together with increased expenditure for new housing was an important sustaining influence although its effect was outweighed by the cessation of investment in inventories and by the declines in exports, in capital formation and in outlays for defence. As in 1953, the increase in consumer expenditure was closely related to the growth in labour income noted above.

Government expenditure on goods and services remained relatively stable in 1954, the 9 per cent decrease in defence spending being offset by increases in non-defence spending at federal, provincial and municipal levels. Defence spending which had been a very powerful stimulant for the economy in 1952 and which had acted positively although with lesser strength in 1953, declined by $179 million in 1954 and this accounted for some of the reduction in aggregate demand.

TABLE 2

GROSS NATIONAL EXPENDITURE

——	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
1. Personal expenditure on consumer goods and services	13,273	14,363	15,115	15,581
2. Government expenditure on goods and services	3,243	4,259	4,362	4,360
3. Gross domestic investment—				
(a) plant, equipment and housing	3,810	4,256	4,840	4,546
(b) change in inventories	1,620	270	605	−230
4. Exports of goods and services[1]	5,089	5,573	5,420	5,134
5. Imports of goods and services[1]	−5,613	−5,400	−5,860	−5,559
6. Residual error of estimate	52	−119	−66	153
7. Gross National Expenditure at Market Prices (1+2+3+4+5+6)	**21,474**	**23,202**	**24,416**	**23,985**
8. Index of G.N.E. in Constant Dollars	100	107	111	108

[1] Minor adjustments have been made to the figures of current receipts and payments shown in Table 13 and in "The Canadian Balance of International Payments, 1951 to 1954", Dominion Bureau of Statistics, to achieve consistency with the other component series.

For the first time in the post-war period, investment in non-residential construction and machinery and equipment declined. The major decrease was in machinery and equipment although there was a decline of about 2 per cent in non-residential construction. Investment in housing on the other hand continued to increase and was 9 per cent higher than in the previous year.

Inventories of farm grain and livestock and grain in commercial channels declined by $157 million in 1954, a change of $353 million from 1953 when there had been heavy accumulation. This was largely the result of the poor western grain crop. The change in business inventories was also quite different than in 1953 as lower levels of sales and expectations reduced the willingness to hold inventories. In the first three quarters of 1953 there had been continuous inventory accumulation and despite some decline in the fourth quarter, the effect for the year as a whole was positive and substantial. The change from moderately heavy additions to inventory in 1953 to a slight reduction in 1954 as a whole had the effect of withdrawing demand from the Canadian economy; and this withdrawal was greater than the whole increase in consumer spending. The effect of this inventory movement was greatest in the second and third quarters when there was heavy liquidation and new demands were to this extent met from stocks instead of setting production in motion. In the fourth quarter of 1954, however, the inventory decline appears to have been less than the normal seasonal movement and this suggests that growth factors have reasserted their influence.

Personal Income and its Disposition

Personal income differs from national income in a number of ways although the components of these two totals are for the most part similar or identical. While national income is the total of the annual earnings of Canadian residents from the production of goods and services, personal income is the sum of the current receipts of income regardless of whether these receipts are earnings from production. For example, personal income includes only that part of corporation profits which is actually received by Canadian persons as dividends.

TABLE 3
SOURCES OF PERSONAL INCOME

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income.	9,716	10,818	11,661	11,900
Deduct: Employer and employee contributions to social insurance and government pension funds	−329	−358	−390	−395
2. Military pay and allowances	201	270	309	367
3. Net income received by farm operators from farm production[1]	2,108	1,860	1,616	1,109
4. Net income of non-farm unincorporated business	1,507	1,575	1,692	1,645
5. Interest, dividends and net rental income of persons[2]	1,406	1,573	1,683	1,865
6. Transfer payments to persons (excluding interest)—				
(a) from government	1,032	1,356	1,461	1,601
(b) charitable contributions made by corporations	27	26	25	24
(c) net bad debt losses of corporations	25	25	28	28
7. Personal Income (1+2+3+4+5+6)	**15,693**	**17,145**	**18,085**	**18,144**

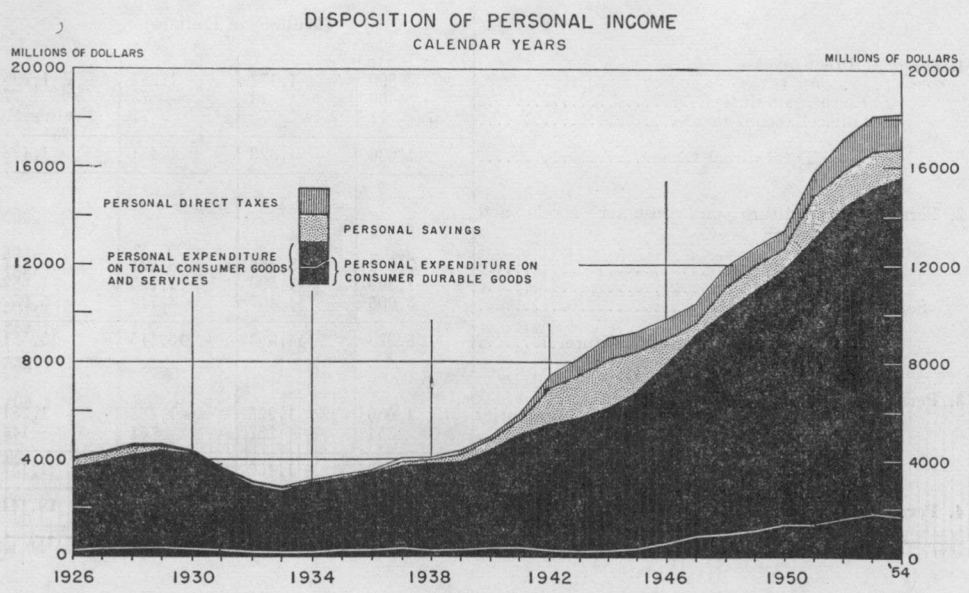
[1] Excludes undistributed profits of the Wheat Board and an inventory valuation adjustment on a calendar year basis for grain held by the Wheat Board.
[2] Includes all government debt interest paid to persons.

On the other hand, transfer payments such as family allowances, old age pensions, veterans' benefits and charitable contributions of corporations, are part of personal income although they are not payments for services and, therefore, do not form part of national income.

For the first time in the post-war period there was during 1954 very little increase in personal income. A modest gain in labour income and increases in investment income and transfer payments were more or less offset by a large decline in net farm income.

Because of the great similarity in their composition, national income and personal income normally change in the same direction. In 1954, however, differences in their composition account for the fact that personal income rose slightly while national income declined by $351 million. Thus, national income was affected by the decline of $170 million in corporation profits, whereas personal income excludes this item but includes instead dividends paid out which rose by $31 million. Similarly, national income does not include government transfer payments but the $140 million increase in this item was reflected in personal income. Most of the increase in transfer payments was the result of a rise of approximately 50 per cent in unemployment insurance benefits and the normal growth in the numbers receiving family allowances and old age pensions.

The pattern of the disposition of personal income differed somewhat from 1953. With comparative stability in both personal income and personal direct taxes the growth of about 3 per cent in consumer expenditure resulted in some decline in the rate of personal saving. Thus personal saving, or the amount set aside from current personal income, constituted 6·8 per cent of disposable income in 1954 compared with 9·2 per cent in 1953. In absolute terms personal saving fell from $1,539 million in 1953 to $1,137 million in 1954, a decline of $402 million, of which about half represented a reduction in saving in the form of farm inventories. The growth in personal assets was even more sharply reduced in 1954 than the $402 million reduction in personal saving would indicate; for personal saving takes many forms and involves changes in both assets and liabilities.



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During 1954 personal assets and personal liabilities both increased, but by very much smaller amounts than in 1953. The growth in liquid assets was much slower, the heavy liquidation of Government of Canada market securities being only partially offset by an increase above 1953 levels in additions to bank deposits and to holdings of Canada Savings bonds and other bonds and stocks. Direct investment was also lower since the drop in farm investment in machinery and equipment more than offset increased investment in housing. On the liability side, consumer debt is estimated to have increased by $125 million compared with the much larger increase of $314 million in 1953. The increase in mortgage debt, on the other hand, was greater than in the previous year.

The increase in consumer spending was confined to non-durable goods and to services. The largest percentage increase was in services, which rose by more than 6 per cent. However, somewhat more than half of this increase was attributable to higher prices. There was an increase of 3 per cent in expenditure on non-durable goods and with prices relatively unchanged this represented a volume increase of like amount. There was a sizeable decline of 6 per cent in spending on durable goods and with prices slightly lower than in the previous year the volume decline was probably about 5 per cent. The largest factor in the decline in durable goods was the reduction in purchases of automobiles.

Examination of the quarterly trends in consumer expenditure indicates that 1954 expenditures were consistently above those of 1953 and that the rate of advance was uniform. Thus, each quarter of 1954 was about 3 per cent above the comparable quarter of 1953. After allowing for price changes, the volume of total consumer expenditure rose by about 2 per cent for the year.

TABLE 4

DISPOSITION OF PERSONAL INCOME

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
1. Personal direct taxes—				
(a) income taxes	890	1,177	1,287	1,296
(b) succession duties	69	73	73	77
(c) miscellaneous taxes	71	70	71	59
Total direct taxes	1,030	1,320	1,431	1,426
2. Personal expenditure on consumer goods and services—				
Goods—				
(a) non-durable	7,969	8,366	8,571	8,847
(b) durable	1,399	1,590	1,795	1,682
Services	3,905	4,407	4,749	5,052
Total consumer expenditure	13,273	14,363	15,115	15,581
3. Personal saving—				
(a) personal saving excluding farm inventories	1,036	1,225	1,488	1,281
(b) change in farm inventories	354	237	51	−144
Total personal saving	1,390	1,462	1,539	1,137
4. Personal Income (1+2+3)	**15,693**	**17,145**	**18,085**	**18,144**

Source and Disposition of Saving

Saving is the source from which investment expenditure is financed. In addition to personal saving, which is discussed in the preceding section, there is business saving and government saving.

It is estimated that during 1954 the nation as a whole saved $895 million less than in 1953, a decline of 18 per cent. The decline was confined for the most part to the personal and government sectors. Thus, business saving, which declined only slightly, became relatively more important in 1954 and constituted 75 per cent of the nation's total saving compared with 63 per cent in 1953, 59 per cent in 1952 and 52 per cent in 1951.

TABLE 5
SOURCES OF SAVING

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
Personal saving	1,390	1,462	1,539	1,137
Gross business saving—total	*2,567*	*2,717*	*3,107*	*3,053*
(a) Undistributed corporation profits	721	624	733	587
(b) Depreciation allowances	1,910	2,115	2,364	2,490
(c) Net bad debt losses of corporations	−25	−25	−28	−28
(d) Undistributed Wheat Board trading profits and inventory valuation adjustment on grain held by Wheat Board	−36	−2	33	5
(e) Inventory valuation adjustment[1]	−3	5	5	−1
Adjusted government surplus (+) or deficit (−)[2]	1,053	282	227	7
Residual error of estimate[3]	−52	119	66	−153
Total	4,958	4,580	4,939	4,044

[1] The adjustment has been made only to grain held in commercial channels.
[2] See Table 10.
[3] See Tables 1 and 2.

Throughout the post-war period 1947 to 1953 the combined total of revenues for all levels of government had exceeded the combined total of expenditures both capital and current. That is, there had been government saving of substantial amount. In 1954, however, the surplus for all levels of government combined all but disappeared. This was almost wholly the result of the change in the federal accounts from a moderate surplus in calendar year 1953 to a slight deficit in calendar year 1954; but there was also a small reduction in the combined surplus of provincial and municipal governments.

TABLE 6
DISPOSITION OF SAVING

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
Gross domestic investment—				
Housing, plant and equipment	3,810	4,256	4,840	4,546
Change in inventories	1,620	270	605	−230
Net increase in foreign assets (including foreign exchange) adjusted[1]	−524	173	−440	−425
Residual error of estimate[2]	52	−119	−66	153
Total	4,958	4,580	4,939	4,044

[1] Minor adjustments have been made to the figures appearing in Table 13.
[2] See Tables 1 and 2.

Business saving is comprised for the most part of amounts set aside by corporations for depreciation allowances and of undistributed profits. During 1954 these two major components of business saving behaved differently. It is estimated that there was a further increase of about 5 per cent in depreciation allowances. Undistributed profits, on the other hand, declined substantially, largely because of the decline in corporation profits after taxes but to some extent because of the modest increase in dividends paid out. The estimated increase in business savings through depreciation allowances was not quite as large as the decline in undistributed profits and a slight reduction in business saving out of current income for 1954 is therefore indicated. It is interesting to note the very large extent to which capital investment of the post-war period has been financed by business saving; that is, the extent to which business has been able to provide the funds for its own expansion.

TABLE 7

CORPORATION PROFITS, TAXES AND DIVIDENDS

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
Corporation profits before taxes[1]	2,810	2,640	2,570	2,400
Deduct corporation taxes[2]	−1,429	−1,386	−1,209	−1,154
Corporation profits after taxes	1,381	1,254	1,361	1,246
Deduct dividends paid out[3]	−660	−630	−628	−659
Undistributed corporation profits[4]	721	624	733	587

[1] Includes depletion charges and is adjusted for losses, and for conversion to a calendar year basis.
[2] Taxes paid or payable in respect of the calendar year's income (See Table 10).
[3] Includes charitable contributions made by corporations (See Table 3 Item 6(b)).
[4] See Table 5.

It is estimated that Canada's total payments abroad on current account exceeded total receipts by $425 million and there was, therefore, an increase of like amount in net foreign liabilities. Thus, capital inflows from abroad were almost unchanged from 1953 and because of the lower level of domestic investment, slightly more important in the nation's financing. Some of the capital inflow was the result of Canadian borrowing abroad; but the greater part was initiated outside the country as capital flowed into Canada in response to opportunities for direct investment, thus contributing to the deficit on current account while furnishing the funds to finance it. These transactions are treated more fully in the section on the Balance of International Payments.

Investment and Capital Expenditure

It is estimated that investment in plant, equipment and housing amounted to $4,546 million, a decline of $294 million or 6 per cent from 1953. This is the first decline of the post-war period. Most of the reduction was in machinery and equipment which was 17 per cent lower than in 1953 but there was also a reduction of 2 per cent in non-residential construction. Investment in housing, on the other hand, continued to increase, stimulated by easier financing under the National Housing Act and aided by the increased availability of mortgage funds after the chartered banks were authorized to invest in insured loans on residential real estate. The gain of 9 per cent was less striking than the 35 per cent expansion of 1953. However, the 1954 increase marked a movement beyond an already high level whereas the rapid growth in 1953 must be considered in part as a recovery from lower levels.

Despite the decline in capital investment during 1954, it was still high in absolute and relative terms and constituted 19 per cent of gross national expenditure compared with 20 per cent in 1953. As mentioned previously, in explaining the lower aggregate demand of 1954, the cessation of growth in business inventories is an even more important factor than the decline in capital investment. Together they would account for a drop of 3 per cent in the nation's product.

TABLE 8
GROSS DOMESTIC INVESTMENT

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
Housing, plant and equipment—total[1]	3,810	4,256	4,840	4,546
New residential construction	781	786	1,061	1,159
Other new construction	1,260	1,554	1,706	1,676
New machinery and equipment	1,769	1,916	2,073	1,711
Change in inventories—total	1,620	270	605	−230
Grain in commercial channels[2]	−1	92	145	−13
Farm grain and livestock[2]	354	237	51	−144
All other inventories[3]	1,267	−59	409	−73
Gross Domestic Investment[4]	**5,430**	**4,526**	**5,445**	**4,316**

[1] Includes private businesses and institutions, and publicly owned public utilities.
[2] Value of physical change.
[3] Change in value. Includes privately financed industrial and trade inventories.
[4] See Table 2, Item 3 and footnote to Table 9, page 14.

Table 9 gives an industrial distribution of business capital expenditures and brings them together with public capital outlays included under government expenditure in Table 2. The total of public and private capital expenditure is estimated to have declined by $343 million or 6 per cent. As mentioned above, this is in contrast with the continued advances of the post-war period. The original forecast of capital investment for 1954 indicated that it would be about 3 per cent above the 1953 level. It was expected that there would be some declines in heavy manufacturing and in goods producing industries generally, and that these would be more than offset by an increase in the service industries and in housing. As it turned out, the expansion in the service industries and housing was not sufficient to offset the declines in the goods producing industries. Some of these declines followed the completion of projects set in motion by the post-Korean defence demands. Others were an indication of the inevitable unevenness in investment which results from the completion of individual large scale projects such as the Labrador iron ore development and Kitimat. In some instances, the bad weather of the early part of the year delayed the start of construction, and investment plans were not fully realized within the year. At any rate, the decline of 1954 does not appear to mark the beginning of a new trend since the capital forecast for 1955 indicates a further increase of about 6 per cent.

The greatest percentage decline was in agriculture and fishing which fell by $153 million or 28 per cent from 1953 to 1954. This was almost wholly the result of reduced purchases of machinery and equipment.

In the manufacturing group, there was a large overall decline of $174 million but there were also many increases. There was a large decline of $83 million in the chemical products group and this followed completion of large plants

such as those at Edmonton and Sarnia. Transportation equipment declined by $29 million largely because of the completion of Ford and General Motors expansion in 1953; iron and steel products declined by $30 million, paper products by $22 million, and clothing by $6 million. On the other hand, investment in food and beverage industries increased by $13 million, printing, publishing and allied industries by $12 million, non-metallic mineral products by $10 million, and products of petroleum and coal by $14 million.

In the utilities group, there was a decline of about 8 per cent in which the drop in machinery and equipment was about equal to the drop in construction. Within this total, central electric stations and steam railways provided the major declines, while the continued expansion of telephone facilities provided a sizeable offset. The railways continued to increase their expenditure for machinery and equipment but new construction was reduced by almost a half with the completion of the Quebec North Shore railway. Part of the decline in central electric stations can be attributed to the completion of a phase of the Adam Beck development at Niagara.

In 1954, as in 1953, the largest growth was in the trade, finance and commercial services group where the increase was about 10 per cent. This was largely the product of continued urban growth. There was also a substantial increase in investment in institutions, the growth being particularly marked in schools. The growing urbanization of the war and post-war periods has been placing increasing strains on school facilities and on municipal services generally. There was some decline in capital investment of government departments but only at the federal level where there were sizeable reductions in defence construction and capital assistance.

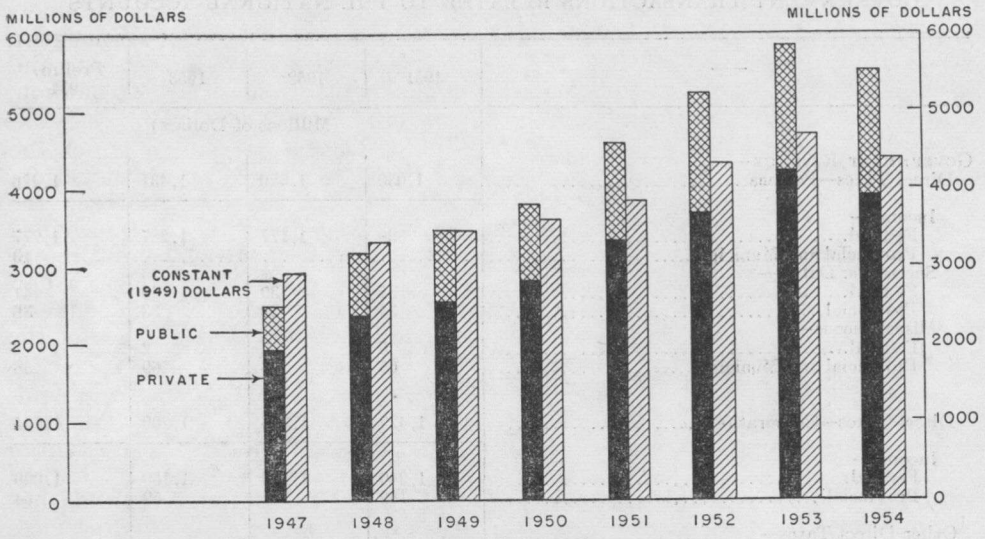
TABLE 9
PUBLIC AND PRIVATE CAPITAL EXPENDITURE

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
Agriculture and fishing	515	555	546	393
Forestry	58	39	34	41
Mining, quarrying and oil wells	181	211	257	249
Manufacturing	793	973	969	795
Electric power, gas and water works	440	578	536	478
Transportation, storage and communications	460	581	673	636
Construction industry	66	73	91	66
Trade, finance and commercial services	412	344	526	577
Institutions	236	278	301	329
Housing	821	826	1,084	1,169
Government departments	595	827	824	765
Total Capital Expenditure[1]	**4,577**	**5,285**	**5,841**	**5,498**
Total Capital Expenditure as a percentage of Gross National Expenditure	21·3	22·8	23·9	22·9
Index of total Capital Expenditure in Constant Dollars	100	112	121	113

[1] For reconciliation with Gross Domestic Investment in Table 8, see below.

	1951	1952	1953	Prelim. 1954
Public and Private Capital Expenditure—Table 9	4,577	5,285	5,841	5,498
Deduct:				
Provincial hospitals and schools, and municipal schools	−130	−159	−151	−173
Government housing excl. C.M.H.C. rental housing	−40	−40	−23	−10
Direct government department outlays	−595	−827	−824	−765
Other	−2	−3	−3	−4
Add:				
Change in Inventories	1,620	270	605	−230
Total Gross Domestic Investment—Table 8	5,430	4,526	5,445	4,316

PUBLIC AND PRIVATE CAPITAL EXPENDITURE



Revenue and Expenditure of All Governments

In Table 10 "Government Transactions Related to the National Accounts" an attempt is made to bring together in one statement and under uniform headings, the activities of all governments in Canada on a calendar year basis.

The table is designed to include only those transactions which have relevance for the National Accounts, and consequently the surpluses or deficits shown here differ from those shown in the various public accounts. It has been necessary to adjust the governments' accounting statements of fiscal year revenue and expenditure to exclude certain transactions such as those relating to reserves, write-offs, amortization, and other similar items, as well as the purchase and sale of existing capital assets; and to include the transactions of extra-budgetary funds such as unemployment insurance, old age security, workmen's compensation and government pension funds. Total expenditure includes both current and capital expenditure but government loans and investments and debt retirement are excluded. Municipalities are for the most part on a calendar year basis but the provincial and federal fiscal year figures are adjusted to the calendar year basis. Some of the more substantial adjustments to the federal accounts are shown in the reconciliation statement appended to Table 10.

On the national accounts basis it is estimated that the revenue and expenditure of all levels of government combined were in approximate balance for the calendar year 1954 compared with the surplus of about 3 per cent indicated for 1953. Thus, viewing the operations of Canadian governments as a unit, their fiscal effect was approximately neutral in 1954; whereas they had in 1953 exerted some mild negative or restraining influence on economic activity by taking about 3 per cent more in revenue than they spent on current and capital account. Apart from disparate tendencies within these three levels of government, this broad effect was the result of comparative stability in revenues which declined by less than 1 per cent, and an increase of a little more than 2 per cent in expenditures altogether accounted for by the growth of transfer payments. In terms of specific levels of government, however, there was a moderate rise in both revenues and expenditures of provincial and municipal governments

TABLE 10

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
GOVERNMENT REVENUE—				
Direct Taxes—Persons	1,030	1,320	1,431	1,426
Income—				
Federal	890	1,177	1,287	1,277
Provincial and Municipal	.....	.....	.....	13
Succession Duties—				
Federal	35	39	40	41
Provincial	34	34	33	36
Miscellaneous—				
Federal	6	7	2	1
Provincial and Municipal	65	63	69	58
Direct Taxes—Corporations	1,429	1,386	1,209	1,154
Income—				
Federal	1,240	1,232	1,150	1,090
Provincial	189	154	59	64
Other Direct Taxes—				
Withholding taxes—Federal	56	55	54	58
Indirect Taxes	2,606	2,814	3,009	3,001
Federal	1,495	1,595	1,697	1,612
Provincial and Municipal	1,111	1,219	1,312	1,389
Investment Income	456	533	558	562
Federal	167	218	226	222
Provincial and Municipal	289	315	332	340
Employer and Employee Contributions to Social Insurance and Government Pension Funds	329	358	390	395
Federal	214	230	253	255
Provincial and Municipal	115	128	137	140
Transfers from Other Governments—				
Provincial and Municipal	259	368	412	430
Total Revenue	6,165	6,834	7,063	7,026
Federal	4,103	4,553	4,709	4,556
Provincial and Municipal	2,062	2,281	2,354	2,470
Deficit (or surplus—)	**−1,053**	**−282**	**−227**	**−7**
Federal[1]	−1,042	−219	−178	+16
Provincial and Municipal	−11	−63	−49	−23
Total Revenue plus Deficit (or minus Surplus)	**5,112**	**6,552**	**6,836**	**7,019**
Federal	3,061	4,334	4,531	4,572
Provincial and Municipal	2,051	2,218	2,305	2,447

[1] For reconciliation with Public Accounts Surplus, see page 2785.

TABLE 10—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1951	1952	1953	Prelim. 1954
	(Millions of Dollars)			
GOVERNMENT EXPENDITURE—				
Goods and Services	3,243	4,259	4,362	4,360
Federal—				
Defence	1,157	1,800	1,907	1,728
Non-defence	537	670	619	684
Provincial and Municipal	1,549	1,789	1,836	1,948
Transfer Payments	1,482	1,825	1,953	2,141
Federal	984	1,400	1,487	1,645
Provincial and Municipal	498	425	466	496
Subsidies	128	100	109	88
Federal	124	96	106	85
Provincial and Municipal	4	4	3	3
Transfers to Other Governments—				
Federal	259	368	412	430
Total Expenditure	**5,112**	**6,552**	**6,836**	**7,019**
Federal	3,061	4,334	4,531	4,572
Provincial and Municipal	2,051	2,218	2,305	2,447

	1951	1952	1953	Prelim. 1954
Reconciliation with Public Accounts Surplus:		(Millions of Dollars)		
Federal Government calendar year surplus for national accounts purposes	**+1,042**	**+219**	**+178**	**−16**
Adjustments:				
Difference between calendar and fiscal year	−300	+367	+24	+195
Difference between corporation tax accruals and government receipts	−161	−8	+87	−33
Revenue items omitted	+67	+49	+92	+79
Reserves, write-offs and similar items omitted from expenditure	−167	−195	−139	−142
Change in inventories of government commodity agencies	−16	+72	−24	−4
Shipment of military equipment to NATO countries, less replacement	−70	−95	−55	−5
Extra-budgetary funds for pensions and social insurance (net)	−144	+27	−30	+54
Adjustment to place debt interest on a "due date" basis	.....	−90	−14	+23
Other adjustments	−40	−98	−95	−105
Federal surplus for fiscal year as per public accounts	+211	+248	+24	+46
	(1950–51)	*(1951–52)*	*(1952–53)*	*(1953–54)*

with a relatively small change in surplus. The change in the combined surplus was, therefore, almost wholly the result of the movement in the federal accounts from a moderate surplus of about 4 per cent in the calendar year 1953 to a slight deficit for the calendar year 1954. And this change in federal surplus was produced by a decline of 3 to 4 per cent in revenue coupled with a rise of less than 1 per cent in expenditure.

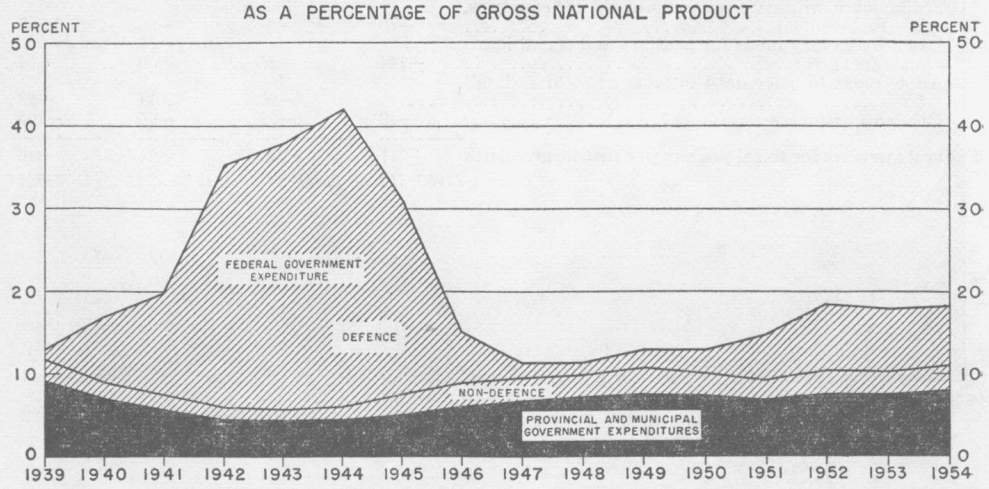
The fiscal effects of government operations are not, of course, confined to revenues and expenditures since cash outlays are affected also by changes in loans, advances and investments. In this sphere too the overall effect of federal government operations was moderately on the side of stimulation.

Expenditure on goods and services by all levels of government combined was practically unchanged between 1953 and 1954. This was the result of a decline in federal expenditure on goods and services and increases in provincial and municipal expenditure. The federal government's expenditure on goods and services declined by $114 million or 5 per cent compared with an increase of $56 million or 2 per cent in 1953. This change came about because of the decline of $179 million or 9 per cent in defence spending for the calendar year 1954. Although federal defence expenditure accounted for a significant part of the withdrawal of demand in 1954, it remained an important element in the overall use of goods and services comprising about 7 per cent of total gross national expenditure and providing 72 per cent of the federal government's total demand for goods and services. Federal government non-defence spending, exclusive of inventory change, increased by about 7 per cent, a considerable part of which was the result of increases in the rates of pay to government employees.

The increase in provincial and municipal expenditure on goods and services is estimated at $112 million, an increase of 6 per cent. About two-thirds of this increase was in municipal expenditure where the growth of cities continued to raise the requirements for schools and municipal facilities generally. The cost of municipal services also rose with generally higher rates of pay. In provincial governments the increase is mainly attributable to an expansion in highways expenditure and some increase in the general level of salaries and wages.

Transfer payments were substantially higher in 1954 than in 1953. The largest increases were in the federal sphere and amounted to $158 million. About half of this increase was the result of a rise in unemployment insurance

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT

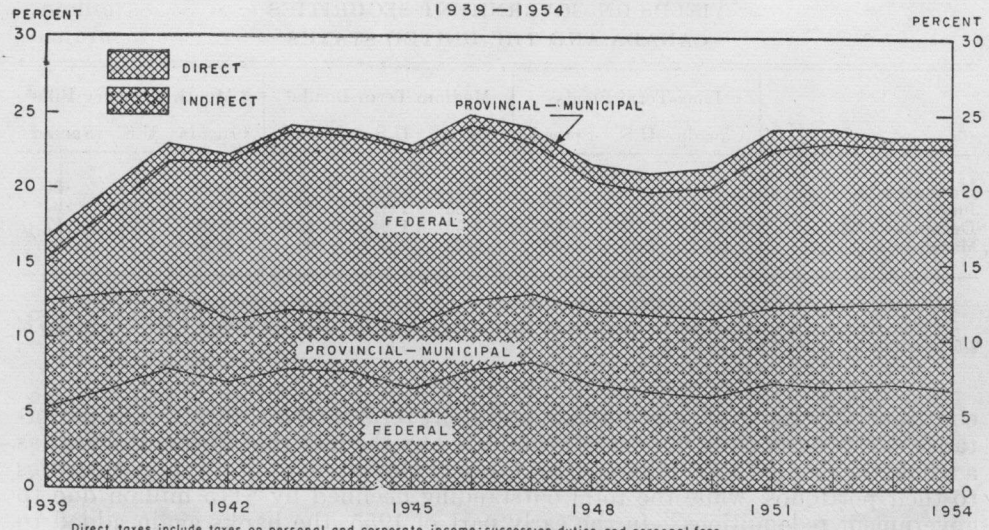


benefits but there was also a substantial increase in cost as a result of the growth in the numbers receiving old age pensions and family allowances. The largest increase in provincial and municipal transfer payments was in grants to private non-commercial institutions including hospitals.

Total revenue was down very slightly by something less than 1 per cent and this decrease was in direct taxes rather than in indirect taxes. Revenue from direct taxes, which is predominantly federal, declined by 2 per cent. Receipts from the federal personal income tax are estimated to have declined very slightly, the effect of the lower rates introduced in mid-1953 being more or less offset by an increase in personal taxable income. The yield of the corporation tax on an accrual basis was down about 5 per cent for the calendar year and this is a direct reflection of the estimated decline in corporation profits.

The stability in the yield of indirect taxes came about because the decrease of about 5 per cent in federal indirect taxes was offset by an increase of about 6 per cent in provincial and municipal taxes. In the federal accounts, receipts from customs duties were less because of the fall in imports. The yield of the sales tax and of a number of excise taxes shrank with the somewhat lower level of retail sales. The special excise tax on automobiles, tires and tubes, for example, yielded almost 20 per cent less than in 1953 when automobile sales were at their peak. In addition, certain excise taxes were removed and the rates for others were reduced in the 1954 budget and this led to lower revenues. These changes included the removal of the 15 per cent special excise tax on furs, electrical household appliances, cameras, etc. and the reduction of the tax rate from 15 per cent to 10 per cent in the case of candy, soft drinks, smokers' accessories, watches, jewellery, etc. At the time of the 1954 budget the revenue loss from these reductions was estimated at $33 million. Of the increase of $77 million in provincial and municipal indirect taxes, a little more than half was in the municipal sphere and consisted in the main of an increase in real property taxes. In the provincial governments there was some increase in the yield of the gasoline tax but the increased yield resulting from the higher rate of sales tax in British Columbia was even more important.

GOVERNMENT DIRECT AND INDIRECT TAXATION
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT
1939 — 1954



Direct taxes include taxes on personal and corporate income; succession duties, and personal fees.
Indirect taxes include taxes on commodities, services and real property, and business fees.

The Budget—Appendix

MONETARY AND CREDIT DEVELOPMENTS

Monetary and credit conditions in 1954 were characterized by a noticeable decline in interest rates, by a rise in security prices, and by a generally easier availability of credit in Canada. These conditions considerably facilitated capital and consumer expenditures financed by borrowing or by converting securities into cash, and brought about a substantial increase in the bank deposits and currency holdings of the general public.

The decline in Canadian interest rates in 1954 represented a continuation of the trend which had become evident in the last quarter of the previous year. The main fall in rates on long-term government bonds occurred in the first quarter, but short-term yields continued to decline throughout the year. In the early part of the year particularly, declining interest rates in the United States had important direct and psychological effects on yields in Canada. In the second half of the year, the Canadian chartered banks were active buyers of securities and were a major factor in the change of interest yields. The 1954 revision of The Bank Act had the effect of increasing the amount of cash reserves which the chartered banks felt free to employ in expanding their earning assets. Prior to this revision, which took effect on July the first, the banks had been required to maintain a daily cash ratio of not less than 5 per cent, although they had in practice worked to a figure of about 10 per cent. The revised Act set the new minimum reserve ratio at a monthly average of 8 per cent. The chartered banks immediately began to work towards lower ratios and their average reserve declined to 8·7 per cent at the year end compared to 10·2 per cent at the end of 1953. In consequence, the chartered banks were in a position to add substantially to their assets during the second half of 1954.

As the demand for loans had levelled off, the banks employed their free reserves in the purchase of government bonds, treasury bills and other types of securities. At the same time, an increase in day-to-day loans made by the banks enabled dealers to increase their demand for short-term securities. These factors, together with a reduction in the outstanding supply of short-term maturities,

TABLE 11

YIELDS ON GOVERNMENT SECURITIES

CANADA AND THE UNITED STATES

	Long-Term Bonds[1]			Medium Term Bonds[2]			3 Month Treasury Bills[3]		
	Canada	U.S.	Spread	Canada	U.S.	Spread	Canada	U.S.	Spread
December 1953.....	3·61	2·78	·83	3·53	2·23	1·30	1·88	1·68	·20
June 1954.....	3·09	2·52	·57	2·63	1·81	·82	1·60	·63	·97
December 1954.....	3·05	2·57	·48	2·36	1·94	·42	1·08	1·25	—·17
March 1955.....	2·96	2·67	·29	2·20	2·26	—·06	1·20	1·29	—·09

[1] Canada—15 year theoretical 15th of each month. U.S. 2½'s of 67-72, Wednesday nearest 15th.

[2] Canada—average of 3-5 year theoreticals, 15th of each month. U.S.—Federal Reserve average of 3-5 year bonds, nearest mid-month.

[3] Average tender nearest 15th of month.

contributed to the decline in medium and short term interest rates. The importance of chartered bank purchases is indicated by the fact that during the year as a whole they added $553 million of all types of Government of Canada securities to their portfolios, while the total outstanding declined by $175 million due to government redemptions. In the early part of 1955, the banks again added to their security holdings, thereby contributing to a further decline in interest rates, which in some cases reached levels below those prevailing in the United States.

The small increase in bank loans in 1954 was in contrast to 1953 when bank loans increased substantially, and reflects among other things the decline of business inventories, and the reduced rate of growth in consumer credit. The new day-to-day loans and insured residential mortgages which were introduced during the year more than accounted for the modest over-all increase, as there was a slight decline in the combined total of other categories of loans. Day-to-day loans were $68 million at the year-end while net disbursements under residential mortgage loans were $74 million, with commitments totalling a further $86 million, involving in all some 17,000 housing units. On balance, the net effect of the activities of the chartered banks in 1954 on the public's holdings of liquid assets was small in comparison to the previous year, the increase being $19 million compared to $466 million in 1953.

The public's holdings of currency, bank deposits, and Government of Canada securities increased in 1954 by $232 million, compared to $264 million in 1953 and stood at the record year-end level of $18,860 million. The main factor leading to this increase was the excess of $227 million of cash outlays over receipts in the federal government sector. This was the result of both budgetary and non-budgetary transactions, as well as of changes in government loans and advances and the operations of the Unemployment Insurance Fund and other government accounts. These net disbursements in 1954 were in sharp contrast to the experience of 1953 when there was an overall surplus of receipts over disbursements of $220 million which partially offset the increase of $466 million in the public's liquid assets stemming from the operations of the chartered banks.

The increase of $232 million in the public's quick assets differed in composition, as well as in origin, from the increase in 1953. There was a pronounced shift into bank deposits in 1954 with active deposits increasing $272 million compared to a decrease of $91 million in 1953, and inactive notice deposits rising $501 million compared to a rise of $82 million in the previous year. At the same time public holdings of Government of Canada securities, which had increased by $221 million in the previous year, decreased by $570 million despite an increase in holdings of non-market securities, mainly Canada Savings Bonds. There was

TABLE 12

GENERAL PUBLIC[1] HOLDINGS OF CURRENCY, BANK DEPOSITS, AND GOVERNMENT OF CANADA SECURITIES AS AT DECEMBER 31

(Millions of Dollars)

—	1951	1952	1953	1954
Currency—notes and coin	1,275	1,377	1,429	1,458
Bank deposits—				
Active deposits	3,568	3,796	3,705	3,977
Inactive notice deposits	3,894	4,129	4,211	4,712
Total bank deposits	7,462	7,925	7,916	8,689
Government Securities—				
Market securities	8,194	7,812	7,651	6,623
Non-market securities	1,194	1,250	1,632	2,090
Total government securities	9,388	9,062	9,283	8,713
Total liquid assets	18,125	18,364	18,628	18,860

[1] Includes all holdings other than those of the banking system and the federal government and government accounts.

also a shift towards the more liquid types of market securities such as treasury bills. The sharply increased liquidity of the general public as a result of the shift from government securities to bank deposits was effected mainly through the chartered bank purchases of securities discussed above. The redemption operations of the Government of Canada also played some part in this development.

The increased supply of money in the hands of the public, together with the lower interest rates and security yields prevailing during the year created a favourable climate for new provincial, municipal and corporate borrowing. Net new issues rose by about 12 per cent to an estimated $1,132 million in 1954, with borrowings abroad being substantially reduced after the first quarter of the year. Consumer credit also continued to rise, although at a slower rate than in the previous year, the increase being of the order of $125 million compared to $314 million in 1953. Mortgage credit also expanded further, with the main supply coming from resident life insurance companies who sold about $110 million of government securities compared to $49 million in 1953 in order to finance their increased volume of new investments. As indicated above, the chartered banks were also an important source of credit in the field of new residential construction. Although non-residents continued to be sellers of Government of Canada securities, there was, on balance, a net inflow of funds for all types of outstanding Canadian securities of $55 million, and this development, together with the net inflow of capital for investment in new issues, contributed to the buoyancy of Canadian security markets in 1954.

BALANCE OF INTERNATIONAL PAYMENTS

Canada's international payments and receipts reflected in 1954 the somewhat lower level of domestic economic activity and the maintenance of relatively firm international markets. Merchandise exports and imports were both lower than in 1953. The decline of 5 per cent in the value of exports was the result of a volume reduction of 3 per cent combined with a decline of 2 per cent in export prices; while the 7 per cent decline in the value of imports was wholly the result of a volume reduction. The terms of trade, or the ratio of export prices to import prices, were therefore slightly less favourable to Canada and consequently the greater volume decline in imports was not fully reflected in an improvement in the balance on merchandise account. Nevertheless, there was a small surplus of $9 million in merchandise trade in 1954 compared with the deficit of $57 million in 1953. Taking into account non-merchandise trade as well, the current account deficit of $427 million in 1954 was only slightly changed from the $439 million deficit of 1953.

The total value of merchandise exports in 1954 was $3,929 million, down by $223 million from 1953. The decline resulted for the most part from special situations and was concentrated in a few commodities such as wheat and other grains, motor vehicles, primary iron and steel, and items related to defence needs such as aircraft and parts and electrical apparatus. Wheat exports showed the greatest single decline. Part of this was the result of better crops in other parts of the world but there was in addition some running down of stocks in anticipation of lower prices. In addition, there was a decline in the value of wheat flour and coarse grain exports, bringing the fall in grain exports as a whole to almost $300 million or considerably more than the total decline in exports. It is apparent, therefore, that apart from grain exports and the other commodities mentioned above, Canadian exports maintained their 1953 levels or showed substantial gains. The most marked increase was in exports of forestry products with newsprint reaching the highest value ever recorded for a single commodity in a calendar year. Fishery products, chemicals and base metals, particularly nickel, also recorded substantial gains over 1953.

Despite a decline of 7 per cent in 1954, imports remained at relatively high levels. Imports amounted to $3,920 million in 1954 compared with $4,209 million in 1953, a drop of $289 million. In contrast to exports, the decline in imports was fairly general with agricultural products as a group showing the only significant increase. The moderately lower level of economic activity in Canada during 1954 reduced requirements for both industrial materials and many finished consumer goods. Poor weather in the early part of the year also reduced the demand for materials and equipment used in construction. In addition, a more cautious inventory policy on the part of business contributed to the lower level of imports. This last factor was especially important in the case of textiles which were also affected by a weaker Canadian market for products using textiles in their manufacture. Imports of farm implements also showed a substantial decline as a result of lower farm income. Other major decreases occurred in the import of automobile parts because of the lower output of automobiles, and in coal as a result of the substitution of oil for fuel uses.

TABLE 13

BALANCE OF INTERNATIONAL PAYMENTS

ESTIMATED CURRENT ACCOUNT BETWEEN CANADA AND ALL COUNTRIES
(Millions of Canadian Dollars)

—	1951	1952	1953	Prelim. 1954
CURRENT CREDITS—				
Merchandise exports (adjusted)[1]	3,950	4,339	4,152	3,929
Gold available for export	150	150	144	155
Travel expenditures	274	275	302	300
Interest and dividends	115	145	164	136
Freight and shipping	351	383	337	306
Inheritances and immigrants' funds	77	85	92	91
Other current receipts	249	281	321	308
Total Credits	5,166	5,658	5,512	5,225
CURRENT DEBITS—				
Merchandise imports (adjusted)	4,097	3,850	4,209	3,920
Travel expenditures	280	341	365	380
Interest and dividends	450	413	410	443
Freight and shipping	354	375	382	341
Inheritances and emigrants' funds	70	94	91	93
Other current payments	432	421	494	475
Total Debits	5,683	5,494	5,951	5,652
NET BALANCE ON CURRENT ACCOUNT	−517	+164	−439	−427

[1] Aid to NATO countries under Defence Appropriation Act has been excluded.

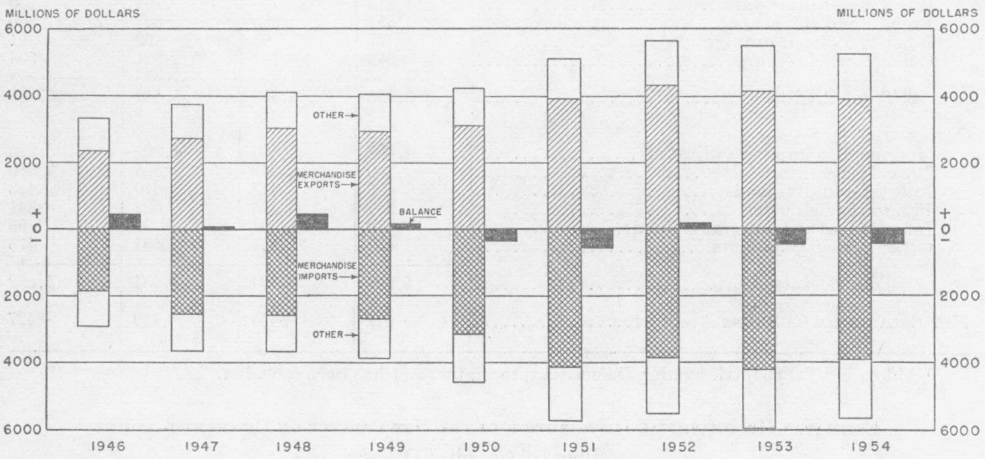
ESTIMATED GEOGRAPHICAL DISTRIBUTION OF THE NET BALANCE ON CURRENT ACCOUNT
(Millions of Canadian Dollars)

—	1951	1952	1953	1954
Between Canada and—				
United States	−951	−849	−924	−818
United Kingdom	+223	+388	+142	+230
Rest of the Sterling Area	− 24	+114	+ 87	+ 38
Other OEEC Countries	+223	+332	+179	+118
Other Countries	+ 12	+179	+ 77	+ 5
All Countries	−517	+164	−439	−427

The customary deficit on non-merchandise account widened from $382 million in 1953 to an estimated $436 million in 1954, an increase of $54 million. Both payments and receipts fell below their 1953 levels with the greatest declines taking place in the freight account. This was a reflection of lower levels of trade in 1954 and further transfers of ships from Canadian registry. Interest and dividend receipts also showed a decline while payments showed a marked increase reflecting rising payments on earlier direct investment by foreigners in Canada and on Canadian issues held abroad. Travel expenditures by Canadians abroad were higher while receipts on this account were slightly lower than in the previous year. There was some drop in payments because of the large non-recurring military expenditures in 1953. The net result of these movements was that non-merchandise receipts declined from $1,360 million in 1953 to $1,296 million in 1954, a drop of $64 million. Payments fell by only $10 million from $1,742 million in 1953 to $1,732 million in 1954.

There were no significant changes in the direction of Canadian exports and imports in 1954. The decline in total exports was widely distributed. The lower value of exports to the United States was partly a consequence of reduced economic activity in that country in the early part of the year. On the other hand, the decline in exports to Commonwealth countries, including the United Kingdom, and to other overseas countries can be attributed almost entirely to lower exports of wheat and, to a lesser extent, motor vehicles. Apart from these items most other Canadian exports to these markets showed a strong upward trend. This was particularly true of the United Kingdom and Europe and is related to high levels of industrial activity as well as to increased liberalization of dollar trade and payments in those countries.

BALANCE OF INTERNATIONAL PAYMENTS



The decline in imports was concentrated in trade with the United States and the United Kingdom. The declines were mainly in consumer durable goods and machinery from the United States, in fibres and textiles from the United Kingdom and in iron and steel imports from both countries. Imports from the rest of the sterling area, Europe and all other overseas countries showed an increase, with the exception of imports from Latin America which declined fractionally from the previous year's level.

Excluding the movement in official reserves, the net inflow of capital into Canada in 1954 was considerably larger than in 1953. There were as well some changes in the components of the capital account. Direct investment was slightly lower, reflecting the somewhat lower level of activity and the effect

TABLE 14

CANADA'S OFFICIAL HOLDINGS OF GOLD AND U.S. DOLLARS
AS AT DECEMBER 31
(Millions of U.S. Dollars)

—	1951	1952	1953	1954
Exchange Fund Account and Bank of Canada—				
Gold	841·7	885·0	986·1	1,072·7
U.S. Dollars	899·5	961·8	802·0	833·4
Other Government of Canada Accounts	37·4	13·4	30·4	36·5
Total Gold and U.S. Dollars	1,778·6	1,860·2	1,818·5	1,942·6

of bad weather in hampering development of the western oil fields. The total value of new Canadian securities issued abroad was also lower as a result of the decline of Canadian rates of interest relative to rates in the United States. The net proceeds from these issues were further reduced by large capital retirements. In contrast to 1953, there was however a substantial net inflow of capital arising from dealings in outstanding Canadian issues. The outflow resulting from repatriation of government securities was somewhat larger than in 1953, but this was more than offset by an increase of $100 million in non-resident net purchases of common and preferred stocks of Canadian corporations. The operations of United States investment funds played an important part in this latter development. Other capital movements also resulted in a small inflow in 1954 compared with the large outflows of 1952 and 1953.

The total net inward movement of capital was more than sufficient to cover the deficit on current account and official exchange reserves rose by $124 million during the year and the Canadian dollar remained at a premium over the United States dollar. Official reserves of gold and United States dollars were $1,942 million at December 31, 1954, as compared with $1,818 million at December 31, 1953. At the same dates, the United States dollar was $.96 19/32 and $.97 3/8, respectively, in terms of the Canadian dollar. In recent weeks the premium on the Canadian dollar has been somewhat less and the noon rate of exchange on the United States dollar in Canadian funds was $98\frac{9}{32}$ on March 29, 1955.

TABLE 15
SUMMARY OF CAPITAL MOVEMENTS
(Millions of Dollars)

	1951	1952	1953	Prelim. 1954
Direct investment in Canada	+309	+346	+398	+325
Direct investment abroad	− 20	− 77	− 56	− 70
Canadian securities—				
Trade in outstanding issues	+ 38	− 94	− 31	+ 55
New issues	+411	+316	+342	+318
Retirements	−184	− 89	−142	−192
Foreign securities	+ 15	− 8	− 1	− 21
Official Loan Repayments	+ 68	+ 56	+ 87	+ 72
Canadian dollar holdings of foreigners	−192	− 66	− 17	+ 26
Official holdings of gold and foreign exchange (increase, −)	− 56	− 37	+ 38	−124
Other capital movements	+128	−511	−179	+ 38
Net capital movement financing current account balances	+517	−164	+439	+427

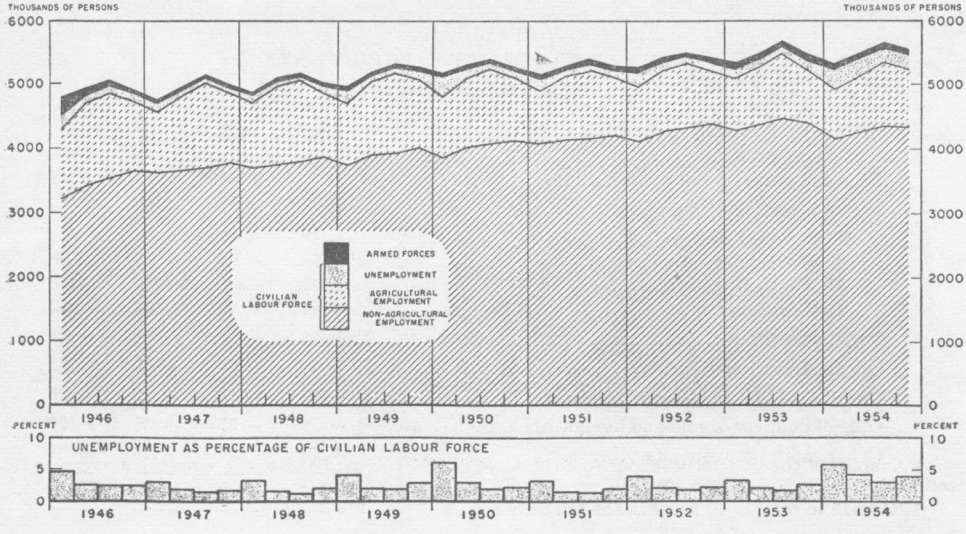
EMPLOYMENT AND EARNINGS

Employment in 1954 reflected the weakening of demand and the more competitive conditions which became evident in some sections of the economy in the latter part of 1953. The growth in the labour force was accompanied by a decline in employment and there was consequently some increase in unemployment. The number of persons without jobs and seeking work rose from an average of 137,000 in 1953 to 232,000 in 1954. The average number of persons employed in 1954 was 5,194,000 compared with 5,246,000 in 1953.

Although the demand for labour was stronger in 1953 than in 1954, this was less true of the last quarter of the year. Thus, in 1953 employment was relatively high for the first three quarters of the year but conditions deteriorated noticeably in the last quarter. This deterioration continued into 1954 and each month from January to September showed lower employment than the comparable month of the preceding year. However, at the beginning of the fourth quarter of 1954 the number of people with jobs was approximately equal to the number at the same time in 1953; and in December of 1954 employment was considerably above the level of December 1953 although because of the expansion of the labour force the number without jobs and seeking work was also higher. Total industrial employment increased slightly in the last quarter of 1954 and the decline relative to 1953 was less pronounced than for the first three quarters of the year. Employment in non-durable manufactures and in construction showed a similar pattern. In forestry and mining the level of employment was actually higher than had prevailed in the last quarter of 1953. In the service sector the first three quarters of the year had shown a gain over the comparable period of 1953; and this gain was continued into the fourth quarter.

The number of persons without jobs and seeking work averaged 4.3 per cent of the labour force in 1954 compared with 2·5 per cent in 1953. The highest unemployment was reached in March of 1954 when there were 321,000 persons without jobs and seeking work or 147,000 more than the number for the same month in 1953. The point of lowest unemployment was reached in September 1954 with 168,000 jobless persons looking for work or 83,000 more than in September 1953. In January 1955 the number of persons without jobs and

THE LABOUR FORCE



seeking work was 363,000 or 80,000 above the level of the comparable month in 1954; and in February 1955 the number of persons without jobs and looking for work was 379,000 or 64,000 more than in February 1954.

Despite the fact that employment averaged a little less in 1954 than in 1953 there was an increase of about 2 per cent in total labour income. Thus, the higher rates of pay in 1954 more than offset the combined effect of reduced employment and a slightly shorter working week. The average annual earnings per paid worker rose from $2,940 in 1953 to $3,034 in 1954, an increase of 3 per cent. Since 1951 average earnings per paid worker have risen by almost 17 per cent. Most of this increase represents a gain in real income, for the upward movement in prices, as indicated by the consumer price index, has only amounted to 2 per cent.

The greater part of the 8 per cent increase in labour income for 1953 was concentrated in the first half of the year. There was very little growth for the last half of the year and the seasonally adjusted figures indicate a slight decline in total earnings between the fourth quarter of 1953 and the first quarter of 1954. The moderate rise in total labour income for 1954 was distributed fairly evenly over the last three quarters of the year.

Finance and other services was the only industrial group in which the total of wages and salaries advanced at a faster rate in 1954 than in 1953 and this increase amounted to 9 per cent. The total of wages and salaries paid in the primary industries rose by 2 per cent during 1954. In public utilities, transportation, storage and trade there was a moderate increase slightly greater than for labour income as a whole. In both manufacturing and construction on the other hand there was a small decline in aggregate earnings.

TABLE 16

THE CIVILIAN LABOUR FORCE

ANNUAL AVERAGES[1]
(Thousands of Persons)

—	1951[2]	1952[2]	1953[2]	1954[2]
Civilian Labour Force	5,217	5,315	5,383	5,426
Male	4,071	4,136	4,197	4,207
Female	1,146	1,179	1,186	1,219
Non-Agricultural	4,274	4,420	4,521	4,547
Agricultural	943	895	862	879
Persons without jobs seeking work	106	129	137	232
Persons with jobs	5,111	5,186	5,246	5,194
In Non-Agricultural Industries	4,171	4,295	4,388	4,321
Paid Workers	3,636	3,773	3,853	3,802
Employers, own account workers and unpaid family workers	535	522	535	519
In Agriculture	940	891	858	873
Paid Workers	99	111	113	120
Employers, own account workers and unpaid family workers	841	780	745	753

[1] Average of the quarterly labour force surveys in 1951 and 1952 and of the monthly surveys in 1953 and 1954.

[2] Revised to include all areas in the ten provinces.

The civilian labour force, which includes both the employed and the unemployed, averaged 5,426,000 for 1954 and accounted for 52·7 per cent of the non-institutional civilian population over 14 years of age. This compares with 53·1 per cent in 1953. The agricultural labour force increased from 862,000 in 1953 to 879,000 in 1954. This increase of 17,000 is in contrast to the trend of recent years when there has been a marked shift from rural to urban occupations.

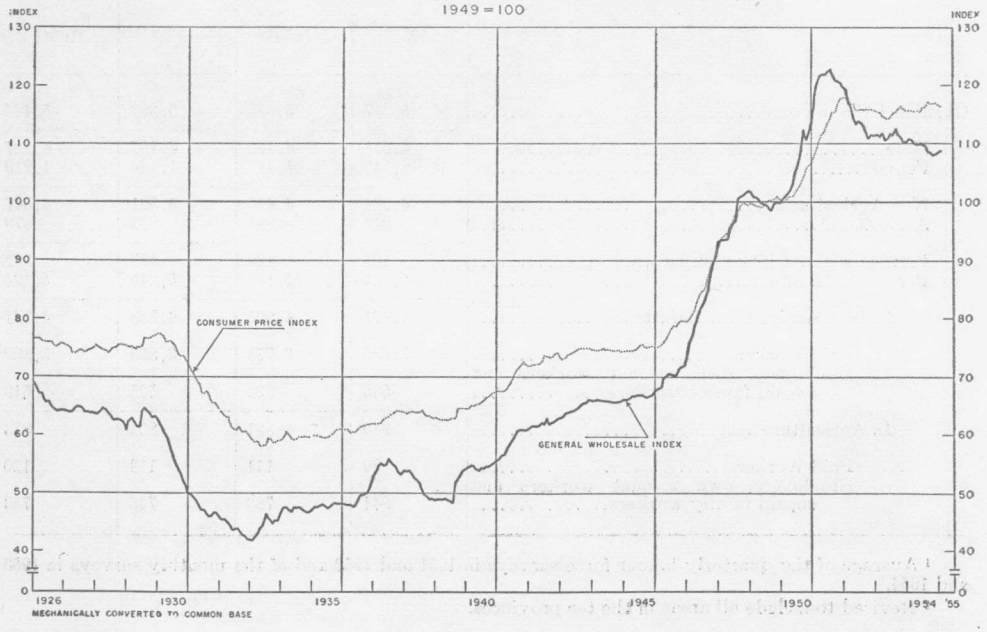
In addition to the civilian labour force, there were 115,000 men and women in the armed forces in 1954 compared with 106,000 in 1953.

PRICE TRENDS

Canadian prices were relatively stable during 1954. The consumer price index varied little more than ½ per cent from its yearly average and ended the year less than 1 per cent above the January level. The general wholesale index declined slowly but more or less steadily throughout the year and was about 2 per cent lower in December than in January. The consumer price index has been almost unchanged for about three years and the wholesale price index has declined less than 3 per cent since September 1952.

The consumer price index moved fractionally upward from an average of 115·5 in 1953 to 116·2 in 1954. This was the result of moderate increases in the price of services. The largest increase was the 2 per cent rise in the shelter index. During the year the variations in the consumer price index followed closely the variations in food prices. The food index reached a low of 110·2 in May and a high of 114·4 in August. It was half a point higher at December 1954 than at December 1953, but the average of food prices for 1954 was slightly lower than for 1953. Clothing was the only other group in which prices averaged less than in 1953. There was a fairly steady decline throughout the year and clothing prices were about 2 per cent lower at the end of the year than at the beginning and about 6 per cent lower than they had been in December 1951.

CANADIAN WHOLESALE AND CONSUMER PRICE INDEXES



The United States consumer price index also averaged a little more for 1954 than for 1953. However, in the United States the movement throughout 1954 was slightly downward both in the total index and in the food component. In Canada, as has been pointed out, the movement was slightly upward.

The Canadian index of wholesale prices declined for the third successive year. The average for the year was 2 per cent below the average of 1953; and the moderate downward course throughout the year brought the index at year-end to a point only 3 per cent above the level of June 1950. Since wholesale prices reached their peak in July 1951, following the outbreak of war in Korea, the decline in the index has amounted to 12 per cent. The slight downward movement of the wholesale index in 1954 reflected the trend for the majority of goods. In general, raw materials declined somewhat less than manufactured products. The larger decreases took place in wholesale prices for farm products and textile and iron products. However, the decline in the price of farm and textile products was considerably less than in 1953. The fall in the wholesale price for iron products was about 4 per cent compared with an increase of 1 per cent in the previous year. Exceptions to the general downward trend occurred in the case of non-metallic minerals and chemicals which moved fractionally above 1953 levels.

TABLE 17

WHOLESALE PRICE INDEXES
(1935-39=100)

—	General Wholesale Prices	Fully and Chiefly Manufactured Goods	Canadian Farm Products
1939	99·2	101·9	92·6
1940	108·0	109·9	96·1
1941	116·4	118·8	106·6
1942	123·0	123·7	127·1
1943	127·9	126·9	145·4
1944	130·6	129·1	155·3
1945	132·1	129·8	166·4
1946	138·9	138·0	179·5
1947	163·3	162·4	192·2
1948	193·4	192·4	232·1
1949	198·3	199·2	228·7
1950	211·2	211·0	236·7
1951	240·2	242·4	268·6
1952	226·0	230·7	250·2
1953	220·7	228·8	220·9
1954	217·0	224·2	209·2
1954—January	219·8	227·8	212·9
February	219·0	227·3	212·3
March	218·6	226·9	210·2
April	217·9	225·1	209·0
May	218·2	224·5	213·1
June	217·8	224·5	213·1
July	217·4	223·6	217·8
August	215·8	222·3	207·9
September	215·3	222·6	204·1
October	214·3	221·8	201·1
November	214·8	222·2	203·8
December	215·3	222·3	204·7
1955—January	215·7	222·1	206·5
February	217·4	223·2	206·1

Note: 1954 Indexes are preliminary. The Canadian Farm Products index is fully revised only up to July 1953 and does not reflect final payments on all grains for subsequent months.

TABLE 18

CONSUMER PRICE INDEXES

—	Canada		United States	
	Total	Food	Total	Food
	1949=100		1947-49=100	
1939	63·2	50·2	59·4	47·1
1940	65·7	52·6	59·9	47·8
1941	69·6	57·9	62·9	52·2
1942	72·9	63·4	69·7	61·3
1943	74·2	65·2	74·0	68·3
1944	74·6	65·5	75·2	67·4
1945	75·0	66·3	76·9	68·9
1946	77·5	70·0	83·4	79·0
1947	84·8	79·5	95·5	95·9
1948	97·0	97·5	102·8	104·1
1949	100·0	100·0	101·8	100·0
1950	102·9	102·6	102·8	101·2
1951	113·7	117·0	111·0	112·6
1952	116·5	116·8	113·5	114·6
1953	115·5	112·6	114·4	112·8
1954	116·2	112·2	114·8	112·6
1954—January	115·7	111·6	115·2	113·1
February	115·7	111·7	115·0	112·6
March	115·5	110·7	114·8	112·1
April	115·6	110·4	114·6	112·4
May	115·5	110·2	115·0	113·3
June	116·1	112·0	115·1	113·8
July	116·2	112·1	115·2	114·6
August	117·0	114·4	115·0	113·9
September	116·8	113·8	114·7	112·4
October	116·8	113·8	114·5	111·8
November	116·8	113·4	114·6	111·1
December	116·6	112·6	114·3	110·4
1955—January	116·4	112·1	114·3	110·6
February	116·3	111·5	114·3	110·8

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1954-55

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Part II

REVIEW OF GOVERNMENT ACCOUNTS

1954-55

1. INTRODUCTION

The figures which are presented in this Part must be regarded as preliminary and subject to revision. Although the Government's fiscal year ended on March 31, the books must remain open for several weeks in order to record various adjusting entries and to take into account all payments up to and including April 30 made on account of expenditures originating in and properly chargeable to the fiscal year 1954-55. Consequently the final figures when they become available next August may show some variations from those given in the following pages.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1954-55

The budgetary revenues of the government for the fiscal year ended March 31, 1955 are now estimated at $4,107 million. This is $357 million or about 8 per cent less than the amount of $4,464 million forecast in last year's budget speech and approximately $289 million less than the total collected in the preceding year.

Budgetary expenditures are estimated at $4,255 million which is $205 million or 4½ per cent less than the budget forecast and about $95 million less than the total spent in 1953-54.

On the basis of these figures the indicated deficit is about $148 million compared with the budget forecast of a nominal surplus of $4 million and a surplus of $46 million for 1953-54.

On the revenue side of the government's budgetary operations the most significant feature was the decline of $251 million in tax revenues. Corporation income taxes declined by $183 million, excise taxes by $53 million, customs import duties by $14 million and personal income taxes by $12 million, but these were only slightly offset by increases of $7 million in taxes on dividends, interest, rents and royalties going abroad, and $3 million in succession duties.

On the expenditure side, the most significant feature was the continued importance of defence in the government's expenditure programme. Although defence expenditures at $1,697 million were $157 million or about 8 per cent less than those of the previous year, they still constituted 40 per cent of the government's total budgetary outlay. In 1953-54, defence expenditures represented 42·6 per cent of the total.

Although the budgetary deficit was $148 million, the government made loans, advances and other non-budgetary disbursements of about $292 million and at the same time reduced the amount of its unmatured funded debt outstanding in the hands of the public by approximately $202 million. This was achieved by using the $488 million available from insurance, pension and annuity accounts receipts, the repayment of loans and advances and other non-budgetary receipts and credits, and by letting cash balances run down by $154 million.

The following table summarizes the budgetary and non-budgetary transactions and changes in cash position for the fiscal year ended March 31, 1955:

TABLE I

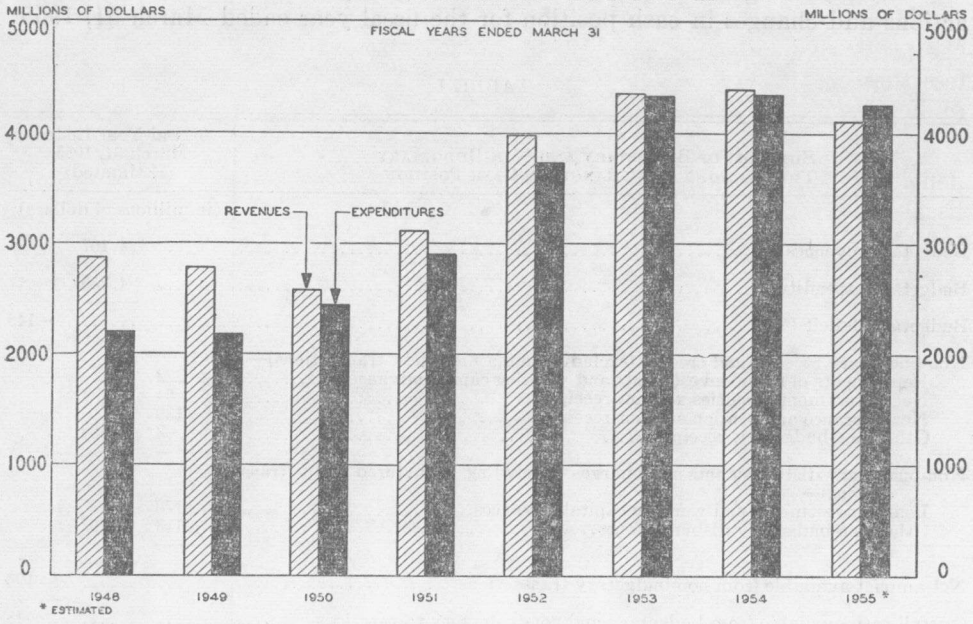
Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal Year Ended March 31, 1955 (Estimated)		
	(in millions of dollars)		
Budgetary revenues	.....	4,107	
Budgetary expenditures	.....	4,255	
Budgetary deficit (−)	.....	.....	−148
Non-budgetary receipts and credits (excluding unmatured debt transactions)—			
Repayments of loans, investments and working capital advances	222		
Net government annuities account receipts	64		
Net insurance and pension account receipts	139		
Other non-budgetary receipts	63	488	
Non-budgetary disbursements and charges (excluding unmatured debt transactions)—			
Loans, investments and working capital advances	179		
Other non-budgetary disbursements	113	292	
Net amount available from non-budgetary transactions	.....	.....	196
Overall cash available from budgetary and non-budgetary transactions	.....	.....	48
Net decrease in unmatured debt outstanding in the hands of the public	.....	.....	−202
Net decrease in cash balances	.....	.....	−154

Pension payments from the old age security fund amounted to $353 million in 1954-55 and tax receipts credited to the fund amounted to $291 million with the result that there was a deficit for the year of $62 million which was covered by a temporary loan by the Minister of Finance to the fund. This amount, together with the loan of $46 million covering the deficit of the fund for 1953-54 brings the total outstanding temporary loans made by the Minister of Finance to the fund to $108 million.

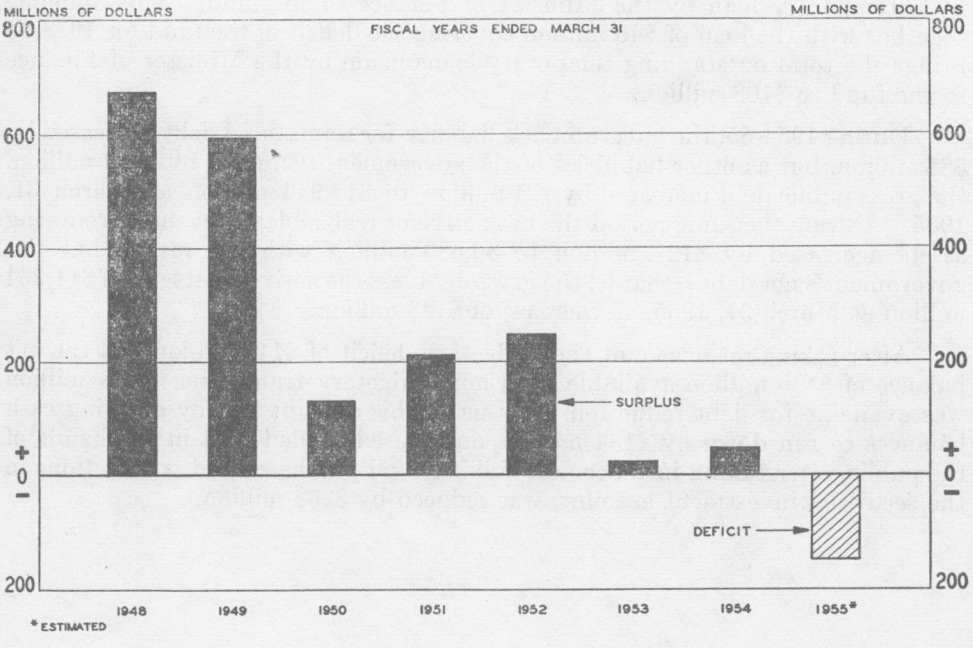
During 1954-55, the government's liability for unmatured debt decreased by $88 million, but as other liabilities of the government increased by $109 million, the gross public debt increased by $21 million to $17,944 million at March 31, 1955. During the same period the net active or realizable or revenue-producing assets decreased by $127 million to $6,680 million with the result that the government's net debt—that is, the gross debt less the active assets—was $11,264 million at March 31, 1955, an increase of $148 million.

After taking into account the budgetary deficit of $148 million and the net balance of $196 million available from non-budgetary transactions, $48 million was available for debt reduction. By using this amount and by allowing cash balances to run down by $154 million, unmatured funded debt in the hands of the public, after taking into account sinking fund purchases and transactions in the securities investment account, was reduced by $202 million.

BUDGETARY REVENUES AND EXPENDITURES



BUDGETARY SURPLUS OR DEFICIT



3. THE BUDGETARY ACCOUNTS

Total revenues, at $4,107 million for 1954-55, were $289 million less than the total for 1953-54. Total expenditures at $4,255 million were $95 million less than in the previous fiscal year. The deficit for the fiscal year was $148 million compared with a surplus of $46 million for 1953-54.

A summarized statement of the estimated revenues and expenditures and deficit for the fiscal year ended March 31, 1955, with the actual figures for the fiscal years ended March 31, 1948 to 1954, inclusive, is given in the following table:

TABLE II

BUDGETARY REVENUES, EXPENDITURES AND SURPLUS OR DEFICIT

(In millions of dollars)

Fiscal Year Ended March 31	Budgetary Revenues	Budgetary Expenditures	Surplus or Deficit (−)
1948	2,871·7	2,195·6	676·1
1949	2,771·4	2,175·9	595·5
1950	2,580·1	2,448·6	131·5
1951	3,112·5	2,901·2	211·3
1952	3,980·9	3,732·9	248·0
1953	4,360·8	4,337·3	23·5
1954	4,396·3	4,350·5	45·8
1955 (Estimated)	4,107·1	4,255·4	−148·3

A. Revenues

Budgetary revenues amounted to $4,107 million for the fiscal year 1954-55. This is $289 million or 6·6 per cent less than the record amount of $4,396 million received in the previous year. Of the total for the year $3,753 million or 91·4 per cent was derived from taxes and $354 million or 8·6 per cent from non-tax revenues and special receipts and credits.

A statement of estimated revenues for 1954-55 classified by major categories, and the corresponding actual figures for 1953-54 is given in Table III.

TABLE III

Statement of Budgetary Revenue by Major Classifications

(In millions of dollars)

Source	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1955 (Estimated)		1954			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenues—						
Personal income tax*	1,176·0	28·6	1,187·7	27·0	−11·7	1·0
Taxes on interest, dividends, etc., going abroad	61·0	1·5	53·8	1·2	7·2	13·4
Corporation income tax*	1,008·0	24·5	1,191·2	27·1	−183·2	15·4
Succession duties	42·0	1·0	39·1	0·9	2·9	7·4
Customs import duties	393·0	9·7	407·3	9·3	−14·3	3·5
Excise duties	227·0	5·5	226·7	5·2	0·3	0·1
Sales tax*	576·0	14·0	587·3	13·4	−11·3	1·9
Other excise taxes	254·3	6·2	296·0	6·7	−41·7	14·1
Other taxes	15·5	0·4	14·5	0·3	1·0	6·8
Total tax revenues	3,752·8	91·4	4,003·6	91·1	−250·8	6·2
Non-tax revenues—						
Post Office	130·1	3·2	111·0	2·5	19·1	17·2
Return on investments	133·7	3·2	151·9	3·5	−18·2	12·0
Premium, discount and exchange	.....	.....	0·8	.....	−0·8	100·0
Other non-tax revenues	56·8	1·4	54·5	1·2	2·3	4·2
Total non-tax revenues	320·6	7·8	318·2	7·2	2·4	0·8
Special receipts and credits	33·7	0·8	74·5	1·7	−40·8	54·8
Total revenues	4,107·1	100·0	4,396·3	100·0	−289·2	6·6

	1954-55	1953-54
*Excluding tax credited to Old Age Security Fund—		
2% personal income tax	101·0	90·7
2% corporation income tax	46·0	55·6
2% sales tax	144·0	146·8
	291·0	293·1

(1) Tax Revenue

Tax on Personal Incomes

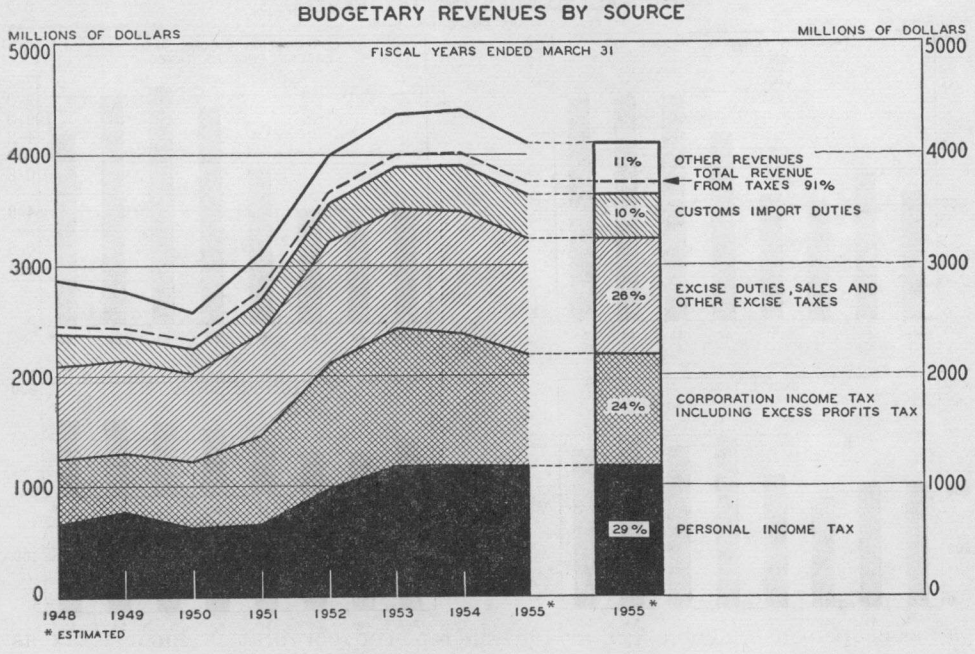
The personal income tax in 1954-55 replaced corporation income tax as the largest class of government revenues. The yield (excluding the old age security tax) for the year was $1,176 million, a decrease of $12 million or 1 per cent from 1953-54. This decrease is due to the continuing effect of the 1953

tax reductions and the introduction of a personal income tax in the Province of Quebec. Tax rates on personal incomes were reduced about 11 per cent on July 1, 1953. Consequently these lower rates were in operation for only three quarters of 1953-54 but applied through all of 1954-55. The fact that the tax rates for 1954 were on the average about 6 per cent below those for 1953 was reflected in lower quarterly instalments and balances of tax paid with returns in the fiscal year 1954-55. The allowance of a credit for the Quebec income tax up to 10 per cent of the federal tax resulted in lower quarterly instalment payments of federal tax during the year for some taxpayers in Quebec and refunds to some taxpayers in that province who filed their 1954 returns before the end of the fiscal year. The influence of these factors more than offset the small increase in the total of personal incomes that took place in 1954.

In addition the 2 per cent tax on personal incomes levied under the Old Age Security Act yielded an estimated amount of $101 million during 1954-55 compared with $91 million in 1953-54. The apparent increase in revenue from this tax during the period when the revenue from the personal income tax declined is due to the fact that the yield from this tax in 1953-54 did not represent a full year's return at the 2 per cent rate. This revenue was credited to the Old Age Security Fund.

Taxes on Interest, Dividends, Rents and Royalties Going Abroad

These revenues are derived from taxes withheld on payments of interest, dividends, rents, royalties, alimony and income from estates and trusts made to non-residents. The total of $61 million in 1954-55 is $7 million greater than in the previous year reflecting increased dividend payments during the year.



Corporation Income Tax

Corporation income tax was the second largest class of government revenue in 1954-55, being replaced as the largest revenue producer by the personal income tax. Collections (excluding the old age security tax) amounted to $1,008 million, a decrease of $183 million or 15 per cent from the previous year's total of $1,191 million. Most of this decrease is due to the lower corporation profits in 1954. However, the continuing effect of the reduction in rates announced in the 1953 budget also influenced the comparison of revenue in 1954-55 with that of the previous year because some of the collections in 1953-54 were based on the higher rates of tax in force before January 1, 1953.

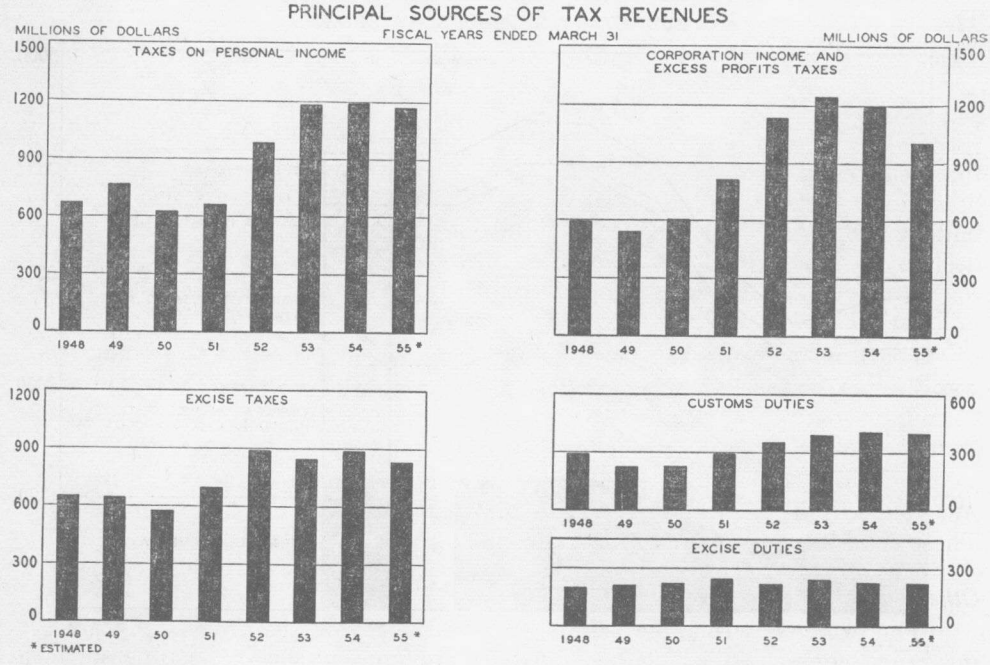
The total revenue from corporation income tax includes $6·5 million paid by corporations paying the 15 per cent tax on their undistributed income. This compares with $8·8 million collected from this source in 1953-54.

In addition the 2 per cent tax levied on corporate profits under the Old Age Security Act yielded $46 million during 1954-55 compared with $56 million collected from this source in 1953-54. These collections were credited to the Old Age Security Fund.

Succession Duties

Revenues from succession duties were $42 million in 1954-55, an increase of $3 million or 7 per cent over the previous year.

PRINCIPAL SOURCES OF TAX REVENUES



Customs Import Duties

Revenue from customs import duties amounted to $393 million, a decrease of $14 million or 3½ per cent from 1953-54. This decrease in revenue reflects the decrease in the total value of imports.

Excise Duties

Excise duties are levied exclusively on alcoholic beverages and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act). The revenue from excise duties for the year was $227 million, only $0.3 million less than in the previous year. The receipts from the tax on alcoholic beverages, before deducting refunds, showed a decline of $2 million from the previous year but gross receipts from tobacco products were $2 million higher.

Excise Taxes

Included under this heading are the revenues from the general sales tax and the special excise taxes levied on a wide range of manufactured products. Total net collections for the year are estimated at $830 million, a decrease from 1953-54 of $53 million or 6 per cent.

The sales tax, which from the standpoint of revenue is the most important tax levied under the Excise Tax Act, yielded an estimated net revenue of $576 million in 1954-55 (excluding the 2 per cent old age security sales tax). This is $11 million or 2 per cent less than the amount of $587 million received from this source in the previous year. About $3 million of this reduction may be attributed to the exemption of certain items from tax following the 1954 budget. The remaining part of the reduction in revenue was due to the slight decrease in sales of taxable goods during the year.

Excise taxes other than sales tax yielded approximately $254 million or $42 million less than 1953-54. Approximately $33 million of this reduction in revenue is due to the reduction of the tax rate from 15 per cent to 10 per cent for a wide range of items and the repeal of the tax on certain other items such as household electrical applicances, furs, cameras and luggage following the 1954 budget. The rest of the reduction in revenue is more than accounted for by the decline in passenger automobile production during the year. The combined revenue from the tax on automobiles and tires and tubes in the year was $84 million. This was $22 million less than in the previous year.

The item showing the largest increase in revenue over the previous year was the tax on television sets, radios and tubes, which yielded $22 million or $5 million more than in 1953-54. Small increases in revenue were also realized from the tax on tobacco products and the tax on wines.

In addition the 2 per cent tax on sales levied under the Old Age Security Act yielded $144 million during 1954-55 compared with $147 million in 1953-54. These collections were credited to the Old Age Security Fund.

Other Taxes

The principal tax under this heading is the tax on the premium income of insurance companies which produced $15 million in 1954-55 compared with $14 million in the previous year. Small amounts of revenue were also received from the tax on the export of electrical energy from Canada and the tax on the export of furs from the Northwest Territories.

(2) Non-Tax Revenues

Non-tax revenues for 1954-55 are estimated at $321 million, an increase of $2·4 million over the total for 1953-54. The following table presents a comparative summary of revenues under this heading for the past two years:

TABLE IV

(In millions of dollars)

Non-Tax Revenues	Fiscal Year Ended March 31		Increase or Decrease (−)	
	1955 (Estimated)	1954	Amount	Per Cent
Post Office	130·1	111·0	19·1	17·2
Return on investments	133·7	151·9	−18·2	12·0
Premium discount and exchange	.....	0·8	−0·8	100·0
Bullion and coinage	1·5	4·2	−2·7	64·3
Privileges, licences and permits	13·8	13·3	0·5	3·8
Proceeds from sales	5·3	5·4	−0·1	1·9
Services and service fees	19·8	17·6	2·2	12·5
Refunds of previous years' expenditures	13·1	11·3	1·8	15·9
Miscellaneous	3·3	2·7	0·6	22·2
Total non-tax revenues	320·6	318·2	2·4	0·8

Post Office

Gross Post Office receipts for 1954-55 are expected to amount to $151 million. After making authorized disbursements from revenue of $21 million for salaries and rent allowances at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through or delivered in foreign countries, etc., net post office receipts credited to budgetary revenues are estimated at $130 million. The increase of $21 million in gross receipts over the corresponding amount received in 1953-54, due mainly to the increase in postal rates, is offset in part by an increase of $2 million in disbursements from revenue, chiefly on account of an increase in remuneration paid to revenue postmasters and their assistants.

As costs of operating the Post Office during 1954-55 (excluding the $21 million charged to revenue) are expected to total $124 million, net revenue will exceed net costs by approximately $6 million. However, in making this comparison it is to be noted that the total shown for post office revenues does not reflect any payment for the franking privilege covering parliamentary and departmental mail or for certain miscellaneous services provided for other government departments and agencies, nor does the total shown for operating expenses reflect any charges for premises occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

Return on Investments

Return on investments is expected to yield $134 million, a decrease of $18 million from the total of $152 million received in 1953-54. The largest decrease was in the surplus of Canadian Arsenals Limited which for 1954-55 is expected to total $6 million compared with $12 million received in 1953-54. There was a decrease in profits in the Exchange Fund account of $5 million and in the profits received from the Bank of Canada of $3 million. Interest received on loans to the Canadian National Railways decreased by $4 million while interest received from the Central Mortgage and Housing Corporation increased by $2 million.

A comparative summary of receipts during 1954-55 and 1953-54 under this heading is given in the following table:

TABLE V

(In millions of dollars)

Return on Investments	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Loans to, and investments in, Crown agencies—			
Bank of Canada	41·5	44·1	−2·6
Exchange fund account	10·9	16·3	−5·4
Central Mortgage and Housing Corporation	16·4	14·3	2·1
Canadian Arsenals Limited	5·5	11·9	−6·4
Canadian National Railways	4·1	7·7	−3·6
National Harbours Board	4·2	4·5	−0·3
Polymer Corporation Limited	3·1	3·2	−0·1
Other Crown agencies	1·8	1·5	0·3
	87·5	*103·5*	*−16·0*
Other loans and investments—			
United Kingdom	22·8	23·1	−0·3
Other national governments	12·0	12·5	−0·5
Provincial and municipal governments	1·2	1·2	.....
Soldier and general land settlement loans and Veterans Land Act advances	4·8	4·6	0·2
Securities investment account	0·2	3·1	−2·9
Sinking fund and other investments held for retirement of unmatured debt	4·1	2·4	1·7
Other loans and investments	1·1	1·5	−0·4
	46·2	*48·4*	*−2·2*
	133·7	151·9	−18·2

Premium, Discount and Exchange

Accounting adjustments with respect to premium, discount and exchange in the year under review are expected to result in a net expenditure of $1 million compared with a net revenue of $0·8 million in 1953-54. This is due mainly to exchange deficiencies resulting from the revaluation of the government's holdings of its own securities payable in United States dollars.

(3) Special Receipts and Credits

Special receipts and credits are estimated at $34 million for the fiscal year 1954-55. This is a decrease of $41 million from the total of $75 million received in the previous year. A comparative summary of the sources of special receipts and other credits for the last two years is presented in the following table:

TABLE VI

(In millions of dollars)

Special Receipts and Credits	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Transfer to revenue of provincial 5 per cent corporation income tax suspense account pursuant to the 1952 tax rental agreements	.....	46·8	−46·8
Proceeds from the sale of Crown assets	29·2	22·4	6·8
Transfer to revenue of royalties and license fees (Department of Defence Production)	1·0	.....	1·0
Payment received from the Government of the Union of Soviet Socialist Republics in settlement of equipment and material delivered under mutual aid after September 2, 1945	.....	2·8	−2·8
Miscellaneous special receipts	3·5	2·5	1·0
	33·7	74·5	−40·8

It will be noted from the table that the transfer to revenue in 1953-54 of the balance of provincial corporation income taxes transferred to the Receiver General pursuant to the 1952 tax rental agreements more than accounts for the decrease in receipts in 1954-55.

A total of $29 million was received during the fiscal year from the sale of Crown assets. Of this amount $7 million was received from the Crown Assets Disposal Corporation representing the amount realized from the disposal of surplus Crown assets; $16 million represented receipts from sales of Crown lands, buildings and equipment under agreements of sale; $1 million was received from the sale of Government telegraph and telephone facilities in British Columbia; and $5 million was received from the Central Mortgage and Housing Corporation representing the proceeds from the sale of wartime housing properties including depreciation provisions set aside in previous years by the corporation on properties that have now been sold.

An amount of $1 million was transferred from Defence Production suspense account to revenue. This amount represented royalties and license fees on the use of patents in connection with war production.

(4) Comparison of Actual Revenue with Budget Forecast

Total budgetary revenues for 1954-55, excluding revenue from the old age security taxes, as now estimated were $357 million less than the forecast made in the budget speech of April 6, 1954. This represents a shortfall of about 8 per cent. Revenue from all sources except the tax on non-residents, succession duties and miscellaneous taxes were less than expected and revenues from these three sources exceeded expectations by only small amounts. This failure of revenues to come up to the amounts forecast reflects the fact that the general level of economic activity and production throughout the year was somewhat less than the level which formed the basis for the budget forecast.

The following table shows the extent to which actual revenues for 1954-55 as now estimated, differ from the budget forecast:

TABLE VII

COMPARISON OF BUDGET FORECAST WITH ACTUAL REVENUES FOR FISCAL YEAR ENDED MARCH 31, 1955

(In millions of dollars)

Source of Revenues	Budget Forecast of Revenues	Actual Revenues (Estimated)	Increase or Decrease(−) compared with Budget Forecast
Personal income tax	1,235·0	1,176·0	−59·0
Non-resident income taxes	55·0	61·0	6·0
Corporation income tax	1,200·0	1,008·0	−192·0
Succession duties	40·0	42·0	2·0
Customs import duties	415·0	393·0	−22·0
Sales tax (net)	607·0	576·0	−31·0
Other excise duties and taxes	507·0	481·3	−25·7
Miscellaneous taxes	15·0	15·5	0·5
Total tax revenues	4,074·0	3,752·8	−321·2
Non-tax revenues	340·0	320·6	−19·4
Special receipts and credits	50·0	33·7	−16·3
Total budgetary revenues	4,464·0	4,107·1	−356·9

The revenue from the personal income tax was $59 million or about 5 per cent less than the budget forecast. About $3 million of this deficiency is due to the increased credit now allowed for the Quebec personal income tax but most of the shortfall occurred because the total of personal incomes did not rise as much as had been expected.

Revenue from the tax on income going to non-residents exceeded expectations because of a sharp increase in the dividend payments going from companies in Canada to persons abroad.

Corporation income tax revenue was approximately $192 million less than the budget forecast which was based on the assumption that 1954 corporate profits would be slightly better than in 1953. Preliminary estimates are that 1954 profits were nearly 7 per cent below those for 1953.

Revenue from customs duties, sales tax and other excise taxes and duties fell from 5 to 6 per cent below the budget forecast. The deficiency in the sales and other excise tax revenue occurred in part because of the unexpected drop in automobile production during the year.

The shortfall of $19 million in non-tax revenues from the budget forecast is attributable largely to return on investments being lower than anticipated.

Special receipts and credits are extremely difficult to estimate and the total of $34 million fell short of the budget forecast by $16 million.

B. Expenditures

The table which follows presents a comparative summary of estimated expenditures by departments and principal purposes for the fiscal year 1954-55, with actual expenditures for the preceding year:

TABLE VIII

Statement of Budgetary Expenditures by Departments and Major Classifications

(In millions of dollars)

—	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1955 (Estimated)		1954			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
National Defence	1,677·3	39·4	1,805·9	41·5	−128·6	7·1
Defence Production	19·6	0·5	47·9	1·1	−28·3	59·1
	1,696·9	*39·9*	*1,853·8*	*42·6*	*−156·9*	*8·2*
Public debt charges—						
Interest on public debt	478·2	11·2	476·0	10·9	2·2	0·5
Other debt charges	24·5	0·6	19·7	0·5	4·8	24·4
	502·7	*11·8*	*495·7*	*11·4*	*7·0*	*1·4*
Provincial subsidies and tax rental payments (including transitional grant to Newfoundland)	358·5	8·4	341·0	7·8	17·5	5·1
Government contributions with respect to the superannuation account	37·4	0·9	54·5	1·3	−17·1	31·4
Provision for reserve for possible losses on ultimate realization of active assets	.....	.....	50·0	1·2	−50·0	100·0
Family allowances	366·5	8·6	350·1	8·0	16·4	4·7
Unemployment Insurance Act—Administration and Government's contribution	60·2	1·4	57·9	1·3	2·3	4·0
Agriculture	83·3	2·0	108·4	2·5	−25·1	23·2
Atomic Energy	15·0	0·4	12·7	0·3	2·3	18·1
Canadian Broadcasting Corporation	30·3	0·7	25·0	0·6	5·3	21·2
Citizenship and Immigration	28·1	0·7	25·5	0·6	2·6	10·2
External Affairs	44·1	1·0	45·7	1·1	−1·6	3·5
Finance	33·5	0·8	30·2	0·7	3·3	10·6
Mines and Technical Surveys	42·5	1·0	38·5	0·9	4·0	10·4
National Health and Welfare	86·6	2·0	80·4	1·8	6·2	7·7
National Research Council	15·7	0·4	15·4	0·4	0·3	1·9
National Revenue	55·2	1·3	49·9	1·1	5·3	10·6
Northern Affairs and National Resources	20·4	0·5	19·1	0·4	1·3	6·8
Post Office	124·5	2·9	113·6	2·6	10·9	9·6
Public Works	138·0	3·3	115·0	2·6	23·0	20·0
Royal Canadian Mounted Police	36·0	0·8	33·9	0·8	2·1	6·2
Trade and Commerce	17·7	0·4	16·5	0·4	1·2	7·3
Transport	158·8	3·7	118·0	2·7	40·8	34·6
Veterans Affairs	242·2	5·7	238·7	5·5	3·5	1·5
Other departments	61·3	1·4	61·0	1·4	0·3	0·5
Grand total	4,255·4	100·0	4,350·5	100·0	−95·1	2·2

National Defence and Defence Production

Defence expenditures, comprising the expenditures of the Department of National Defence and the Department of Defence Production, constituted 40 per cent of all government expenditures in 1954-55 and were consequently the largest category of government expenditure. Expenditures of the Department of National Defence were $1,677 million, a decrease of $129 million from the previous year, while those of the Department of Defence Production were

$20 million, a decrease of $28 million. The combined expenditures of $1,697 million for these two departments in 1954-55 were $157 million less than the total of $1,854 million for 1953-54.

A comparative summary of expenditures for the two departments for the last two fiscal years is presented in the table which follows:

TABLE IX
(In millions of dollars)

National Defence and Defence Production	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Department of National Defence—			
Army services	382·5	401·3	−18·8
Naval services	284·1	266·3	17·8
Air services	645·0	740·7	−95·7
	1,311·6	*1,408·3*	*−96·7*
Defence research and development	44·4	40·8	3·6
Government's contribution to the permanent services pension account	36·7	35·2	1·5
Mutual aid to NATO countries	257·4	289·7	−32·3
Contributions towards military costs of NATO	6·8	10·5	−3·7
Administration and general	20·4	21·4	−1·0
	1,677·3	*1,805·9*	*−128·6*
Department of Defence Production—			
Capital assistance	10·1	37·8	−27·7
Administration and general	9·5	10·1	− 0·6
	19·6	*47·9*	*−28·3*
	1,696·9	1,853·8	−156·9

While expenditures for naval service showed an increase of $18 million, expenditures for army and air services were below the 1953-54 level by $19 million and $96 million respectively, with the result that total expenditures for the three services were $97 million less than in the previous year. Expenditures on defence research and development were $44 million, or $4 million more than in 1953-54.

The Government makes a contribution to the permanent services pension account of an amount equal to $1\frac{2}{3}$ times the contributions by permanent services personnel. During 1954-55 this contribution amounted to $37 million, or $2 million more than the amount of $35 million contributed in 1953-54. Of the 1954-55 expenditures $34 million related to current contributions and $3 million to contributions for arrears. The corresponding amounts in 1953-54 were $30 million and $5 million respectively.

Expenditures under the Mutual Aid programme, which are authorized under Section 3 of the Defence Appropriation Act, 1950, were $257 million in 1954-55, a decrease of $32 million from 1953-54. Under the provisions of this section of the Act, defence equipment and supplies are transferred from Canadian stocks to other parties to the North Atlantic Treaty. The value of equipment and supplies acquired by the services prior to March 31, 1950, and transferred as Mutual Aid, is charged to this appropriation and credited to a special defence equipment replacement account. The equipment is valued on the basis of its estimated replacement value. In accordance with the provisions of Vote 239 of the Appropriation Act, No. 4, 1954, where equipment and supplies acquired for the services since March 31, 1950, are transferred as Mutual Aid, the estimated replacement value is credited to the appropriate service allotment instead of being paid into the replacement account, and may be expended during the current fiscal year for the purposes of the Canadian forces. The expenditure of

$257 million from the replacement account in 1954-55 consists of approximately $46 million for equipment and supplies transferred from Canadian stocks to North Atlantic Treaty countries and $211 million for direct cash outlays for Mutual Aid by the Government of Canada, representing costs incurred in acquiring and supplying new military equipment to parties to the North Atlantic Treaty and in training in Canada aircrews from allied countries. In 1953-54, stock transfers totalled $68 million and direct aid, $222 million.

Contributions are also made from National Defence appropriations towards the military costs of NATO, on account of Canada's share of the NATO military budgets and infrastructure costs. The percentage share borne by each nation is established in the North Atlantic Council and is subject to ratification by the respective member governments. Expenditures for 1954-55 for this purpose are estimated at $7 million, compared with payments of $10·5 million during 1953-54.

As the capital assistance programme, which reached its peak in 1952-53, drew closer to completion, expenditures for the Department of Defence Production decreased in 1954-55; the total of $20 million for the year represented a decrease of $28 million from the amount of $48 million spent in 1953-54. Capital assistance to private contractors, Crown plants operated on a management fee basis, and Crown corporations undertaking contracts essential to the defence programme, totalled $10 million in 1954-55, compared with $38 million for the preceding year. Administration and general expenditures, at $10 million, decreased slightly from the total for 1953-54.

In addition to its budgetary expenditures the Department of Defence Production made cash outlays from the defence production revolving fund for the procurement of materials to be billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. It is estimated that the net asset holdings of the fund decreased by $5 million in 1954-55, as compared with a decrease of $22 million in 1953-54.

The replacement of equipment and supplies acquired by the Department of National Defence prior to March 31, 1950, and subsequently transferred to parties to the North Atlantic Treaty, also involved cash outlays that were not reflected as budgetary expenditures. The cost of such replacement is charged to the defence equipment replacement account, which is credited with the estimated value of the defence equipment and supplies when these are transferred from Canadian stocks to NATO countries. Transfers to this account during 1954-55 were $47 million, and $79 million was disbursed for the purchase of replacement equipment and supplies. The balance of the account at March 31, 1954, was $306 million, and as a result of the year's operations there was a net disbursement of $32 million from the account bringing the balance to $274 million as of March 31, 1955.

In addition, credits were made to the replacement of materiel account in the amount of $3·8 million and disbursements from the account totalled $20 million. This account was established under the authority of section 11 of the National Defence Act to record the sale of materiel not immediately required for the use of the Canadian forces or the Defence Research Board to such countries and upon such terms as the Governor in Council may determine. The proceeds of the sale are credited to this account to be used for the procurement of replacement materiel.

By consolidating the net cash outlays from the defence equipment replacement account, the replacement of materiel account and the defence production revolving fund, with the net cash budgetary expenditures of the Departments of National Defence and Defence Production, the net effect of the defence programme

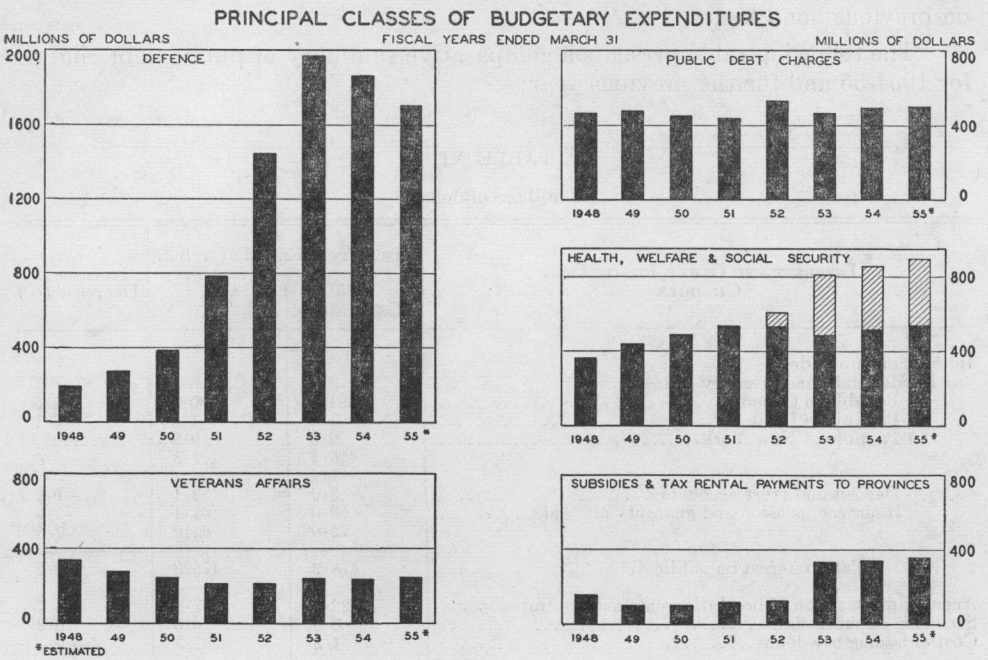
upon the Canadian economy can be seen. In 1954-55 cash outlays for defence amounted to $1,740 million a decrease of $58 million from the corresponding total in 1953-54.

A summary of cash disbursements for defence for the last two fiscal years is presented in the following table:

TABLE X

(In millions of dollars)

Cash Outlays for Defence	Fiscal Year Ended March 31		Increase or Decrease (—)
	1955 (Estimated)	1954	
Budgetary expenditures—			
Department of National Defence	1,677·3	1,805·9	—128·6
Department of Defence Production	19·6	47·9	—28·3
	1,696·9	1,853·8	—156·9
Less: value of military equipment and supplies transferred from existing Canadian stocks to NATO countries (included in budgetary expenditures)	46·5	67·8	21·3
	1,650·4	1,786·0	—135·6
Disbursements from—			
Defence equipment replacement account	78·7	32·9	45·8
Replacement of materiel account (sec. 11, National Defence Act) (net)	16·2	0·8	15·4
Defence production revolving fund (net)	—5·2	—21·9	16·7
	89·7	*11·8*	*77·9*
Net cash outlay for defence	1,740·1	1,797·8	—57·7



Note: The lightly shaded area in the chart for Health, Welfare and Social Security represents pension payments out of the old age security fund.

Public Debt Charges

Public debt charges in 1954-55 are estimated at $503 million or 12 per cent of aggregate budgetary expenditures, an increase of $7 million compared with a total of $496 million or 11 per cent for the previous year. In 1954-55, as in 1953-54, public debt charges comprise the second largest item of Government expense.

Interest on public debt amounted to $478 million, or $2 million more than the total spent in the previous year. A decrease of $6 million in interest on unmatured debt was more than offset by an increase of $8 million in interest on insurance, pension and guaranty accounts.

Interest on unmatured debt payable in Canada, London and New York amounted to $406 million compared with $412 million in 1953-54. The decrease of $6 million is due in part to a decrease of approximately $88 million in unmatured debt payable in Canada and in part to lower rates of interest on new and renewal issues. Interest payable in London and New York reflect only minor changes due to slight changes in rates of exchange.

Interest on deposit and trust accounts decreased by $0·1 million while interest on insurance, pension and guaranty accounts at $69 million increased by $8 million over the total of $61 million in 1953-54. Of this increase, $6 million relates to the superannuation account; $2 million to the Government annuities account and $2 million is in respect of the permanent services pension account; but these are partially offset by a decrease of $2 million in respect of the civil service insurance fund, on which the crediting of interest was discontinued at the close of 1953-54.

Other public debt charges in 1954-55 are estimated at $25 million compared with $20 million in the previous year. The increase of $5 million is attributable largely to higher annual amortization charges for discounts and commissions on previous bond issues.

The following table presents a comparative summary of public debt charges for 1954-55 and for the previous year:

TABLE XI

(In millions of dollars)

Interest and Other Public Debt Charges	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Interest on public debt—			
Funded debt and treasury bills—			
Payable in Canada	394·8	400·3	−5·5
Payable in London	1·5	1·6	−0·1
Payable in New York	9·9	9·9	.....
	406·2	*411·8*	*−5·6*
Deposit and trust accounts	3·0	3·1	−0·1
Insurance, pension and guaranty accounts	69·0	61·1	7·9
	72·0	*64·2*	*7·8*
Total interest on public debt	478·2	476·0	2·2
Annual amortization of bond discounts and commissions	22·5	17·8	4·7
Servicing of public debt	0·8	0·6	0·2
Cost of issuing new loans	1·2	1·3	−0·1
Total public debt charges	502·7	495·7	7·0

Subsidies and Tax Rental Payments to Provinces

Payments to the provinces during 1954-55 for statutory subsidies, rentals under the tax rental agreements, the transitional grant to Newfoundland, and the transfer of a portion of income tax receipts from certain public utility companies were $358 million compared with $341 million in 1953-54.

A comparative summary of the payments for the two years is given in the following table:

TABLE XII

(In millions of dollars)

Subsidies and Tax Rental Payments to Provinces	Fiscal Year Ended March 31		Increase or Decrease (—)
	1955 (Estimated)	1954	
Rentals under tax rental agreements, c. 49, Statutes of 1952..	327·4	309·2	18·2
Statutory subsidies	20·4	20·1	0·3
Transitional grant to Newfoundland	3·9	4·8	—0·9
Transfer of certain public utility tax receipts—			
Sec. 7, c. 58, Statutes of 1947	.....	6·8	—6·8
Sec. 6, c. 49, Statutes of 1952	6·8	.....	6·8
	358·5	341·0	17·5

The payments under the tax rental agreements in 1954-55 were $18 million greater than in the previous year reflecting the increases in provincial populations and gross national product per capita in 1953 over the base year 1948.

Statutory subsidies in 1954-55 were $0·3 million greater than in 1953-54 because of the upward adjustment of the subsidies to the three prairie provinces based on the estimated increases in their population at the mid-point between the quinquennial census of 1951 and 1956.

The amount of public utility tax receipts transferred to the provinces in 1954-55 is expected to be the same as in the previous year. Section 7 of the Dominion-Provincial Tax Rental Agreements Act, 1947, and section 6 of the Tax Rental Agreements Act, 1952 authorize the payment to the provinces, whether participating in the agreements or not, of a portion of the income tax collected from corporations whose main business was the distribution to, or the generation for distribution to, the public of electrical energy, gas or steam.

The Budget—Appendix

A summary of payments, by provinces, during 1954-55 is given in the following table:

TABLE XIII

(In millions of dollars)

Subsidies and Tax Rental Payments to Provinces	Fiscal Year Ended March 31, 1955			
	Statutory Subsidies	Rentals under 1952 Tax Rental Agreements	Transitional Grant	Total
Newfoundland	1·6	12·5	3·9	18·0
Nova Scotia	2·1	20·5	.....	22·6
Prince Edward Island	0·7	3·9	.....	4·6
New Brunswick	1·7	17·0	.....	18·7
Quebec	3·3	.....	.....	3·3
Ontario	3·6	142·8	.....	146·4
Manitoba	1·8	26·2	.....	28·0
Saskatchewan	2·1	26·6	.....	28·7
Alberta	2·2	31·8	.....	34·0
British Columbia	1·3	46·1	.....	47·4
	20·4	327·4	3·9	351·7
Transfer of certain public utility tax receipts—Sec. 6, Chap. 49, Statutes of 1952	.....	.....	.....	6·8
				358·5

Government contribution with respect to the Superannuation Account

The Government's contribution to the superannuation account was $37 million in 1954-55 or $17 million less than its contribution in 1953-54. Approximately one-half of this sum was required to match amounts transferred from the retirement fund in respect of contributors coming under the new Act. The balance is the Government's matching contributions in respect of current and prior service contributions of individuals. Of the $54 million contributed in the previous year, $38 million was in respect of the additional liability created by the general salary increases to civil servants effective December 1, 1953, and $16 million representing the Government's contribution of an amount equal to the current and prior service payments of individuals.

Provision for Reserve for Possible Losses on Ultimate Realization of Active Assets

No charge to expenditures was included in the Government's accounts during 1954-55 for an addition to the general reserve for possible losses on the ultimate realization of active assets. In 1953-54, $50 million was added to the reserve and charged to expenditures. The balance of the reserve at March 31, 1955 was $496 million which is equivalent to 7 per cent of the aggregate active assets.

Family Allowances

Family allowances are payable in respect of all children under sixteen resident in Canada, with minor exceptions such as in the case of children of immigrants who must reside in Canada a year before an allowance is payable.

The monthly allowance is $5 if the child is less than six; $6 in the age group 6 to 9; $7 in the age group 10 to 12; and $8 in the age group 13 to 15. There is no limit to the number of children in a family that may be eligible.

Payments for family allowances are estimated at $366 million for 1954-55 representing 9 per cent of total expenditures compared with $350 million or 8 per cent in the previous year. The increase of $16 million reflects the increase in the number of children in the eligible age groups.

The following table presents a comparative summary of family allowance payments by provinces for the last two fiscal years:

TABLE XIV

(In millions of dollars)

Family Allowance Payments	Fiscal Year Ended March 31		Increase
	1955 (Estimated)	1954	
Newfoundland	12·0	11·5	0·5
Nova Scotia	17·1	16·7	0·4
Prince Edward Island	2·6	2·6	.....
New Brunswick	15·0	14·7	0·3
Quebec	116·1	111·4	4·7
Ontario	110·5	104·4	6·1
Manitoba	18·8	18·0	0·8
Saskatchewan	20·9	20·2	0·7
Alberta	25·4	24·0	1·4
British Columbia	27·4	25·9	1·5
Northwest and Yukon Territories	0·7	0·7	.....
	366·5	350·1	16·4

Unemployment Insurance Act Administration and Government's Contribution

Expenditures relating to the Unemployment Insurance Act (excluding the Government's payment as an employer) are estimated at $60 million for 1954-55, an increase of $2 million over the total of $58 million spent in 1953-54.

Unemployment insurance benefit payments are not charged directly to budgetary expenditures. The Unemployment Insurance Fund, from which such benefits are paid, is financed by contributions from employers and employees, by interest earned on investments, and by the government's contribution of an amount equal to one-fifth of combined employer-employee payments.

The Government's contribution to the fund for 1954-55 is estimated at $32 million, about the same amount as contributed in the previous year. Administration costs are estimated at $28 million, or $2 million more than the total of $26 million for 1953-54.

Agriculture

Expenditures of the Department of Agriculture are estimated at $83 million for 1954-55, a decrease of $25 million from the previous year. Operating losses of the agricultural prices support board decreased by $35 million, and rehabilitation and reclamation project expenditures, at $13 million, are $2 million less than in the previous year. However, these decreases are offset in part by increases of $5 million in marketing service $2 million in freight assistance on western feed grains, $1 million in experimental farms, and $4 million in other services. The increase in marketing services is due in large part to payments of $5 million

in 1954-55 under the Agricultural Products Co-Operative Marketing Act, c.5, R.S. 1952, the purpose of which is to assist and encourage the co-operative marketing of agricultural products by primary producers.

The following table presents a comparative summary of the expenditures of the department for the last two years:

TABLE XV

(In millions of dollars)

Agriculture	Fiscal Year Ended March 31		Increase or Decrease(−)
	1955 (Estimated)	1954	
Operating losses of the agricultural prices support board	3·2	37·8	−34·6
Freight assistance on western feed grains	19·0	17·0	2·0
Rehabilitation and reclamation projects	13·1	14·8	−1·7
Premium on hog carcasses including administrative costs	5·0	4·7	0·3
Experimental farms service	9·9	8·6	1·3
Science service	9·4	9·0	0·4
Production service	10·3	9·6	0·7
Marketing service	9·5	4·2	5·3
Administration and general	3·9	2·7	1·2
	83·3	108·4	−25·1

Atomic Energy Control Board and Atomic Energy of Canada Limited

Expenditures of the Atomic Energy Control Board and payments to Atomic Energy of Canada Limited are estimated at $15·4 million for 1954-55 compared with $12·7 million in 1953-54, an increase of $2·7 million.

Administration expenses of the Atomic Energy Control Board and grants for researches and investigations with respect to atomic energy were $0·3 million for the past two fiscal years.

Expenditures of Atomic Energy of Canada Limited under its research programmes are estimated at $15·1 million compared with $12·4 million in 1953-54.

In addition, $15 million was advanced to Atomic Energy of Canada Limited during the fiscal year to finance the construction of the new reactor and other buildings and works at Chalk River and Deep River. The Government's investment in the company was increased further by a net amount of $1·4 million reflecting a write-up of $2·8 million on the books of the Government and the company in respect of the value of housing accommodation at Deep River previously written off to research less a write-off of $1·4 million on account of an adjustment in the proportion of the costs of the new reactor chargeable to the company's research programme. This brings the total of loans to the company to $32·4 million to be covered by the issue of obligations or shares of the company.

Canadian Broadcasting Corporation

Payments by the Government of Canada to the Canadian Broadcasting Corporation were $30 million in 1954-55 compared with $25 million in 1953-54, an increase of $5 million. Payments to the corporation of an amount equivalent to the collections of the 15 per cent special tax imposed on radio and television sets and tubes are estimated at $22 million in 1954-55 compared with $17 million in the previous year. For the current fiscal year $17 million is in respect of television and $5 million in respect of radio. In 1953-54, payments were $12 million and $5 million respectively.

The following table presents a comparative summary of expenditures for 1954-55 and the previous year:

TABLE XVI

(In millions of dollars)

Payments to Canadian Broadcasting Corporation	Fiscal Year Ended March 31		Increase or Decrease(−)
	1955 (Estimated)	1954	
Sound broadcasting service	6·2	6·2	
International shortwave broadcasting service	2·3	2·0	0·3
Payments to the corporation of amount equal to tax collected under the Excise Tax Act in respect of radio and television sets and tubes	21·8	16·8	5·0
	30·3	25·0	5·3

Citizenship and Immigration

Expenditures of the Department of Citizenship and Immigration are estimated at $28 million for 1954-55, compared with $25 million in the previous year.

The following table presents a comparative summary of the expenditures for 1954-55 and 1953-54:

TABLE XVII

(In millions of dollars)

Citizenship and Immigration	Fiscal Year Ended March 31		Increase or Decrease(−)
	1955 (Estimated)	1954	
Indian affairs	18·0	16·5	1·5
Citizenship and citizenship registration	0·9	0·7	0·2
Immigration	8·4	7·3	1·1
Administration and general	0·8	1·0	−0·2
	28·1	25·5	2·6

External Affairs

Expenditures of the Department of External Affairs were $44 million in 1954-55, a decrease of $2 million compared with $46 million in the previous year. Assistance to other countries directly or through international organizations was $27 million compared with $32 million in 1953-54. The principal item in this category is an amount of $25 million for grants to assist in the economic development of countries in South and South-east Asia. A similar amount was provided in 1953-54. The decrease of $5 million is attributable mainly to the fact that there was no item in 1954-55 comparable to the gift of $5 million for wheat in 1953-54 as a contribution towards the relief of famine in Pakistan. Expenditure on representation abroad including construction, acquisition or improvement of buildings, works, and land, and outlay on new equipment and furnishings is estimated at $8 million compared with $6 million for 1953-54.

The Budget—Appendix

The following table presents a comparative summary of expenditures of the Department of External Affairs for the past two years:

TABLE XVIII

(In millions of dollars)

External Affairs	Fiscal Year Ended March 31		Increase or Decrease(—)
	1955 (Estimated)	1954	
Assistance to other countries	27·5	31·9	—4·4
Canada's assessment for membership in international or commonwealth organizations	4·3	3·5	0·8
Representation abroad	7·5	6·3	1·2
Administration and general	4·8	4·0	0·8
	44·1	45·7	—1·6

Finance

The major items of expenditure during 1954-55 of the Department of Finance have been dealt with under the headings "Public Debt Charges", "Subsidies and Tax Rental Payments to Provinces", "Provision for reserve for possible losses on the ultimate realization of active assets" and "Government contributions in respect of the Superannuation Account".

In addition, other expenditures of the department for 1954-55 are estimated at $33 million compared with $30 million in 1953-54, an increase of $3 million of which $1 million is due to the federal contribution to the Government of the province of Ontario for assistance in meeting costs resulting from floods arising out of hurricane "Hazel".

The following table presents a comparative summary of these expenditures for the past two fiscal years:

TABLE XIX

(In millions of dollars)

Finance	Fiscal Year Ended March 31		Increase or Decrease(—)
	1955 (Estimated)	1954	
Office of the Comptroller of the Treasury—administration expenses	15·0	13·7	1·3
Grants to universities	5·4	5·2	0·2
Grants to municipalities in lieu of taxes on federal property	3·3	3·0	0·3
Government contribution as an employer to the unemployment insurance fund	1·0	1·1	—0·1
Premium, discount and exchange	1·0	.....	1·0
Implementation of guarantees—Ming Sung Industrial Co., Ltd	1·5	1·6	—0·1
Administration and general	6·3	5·6	0·7
	33·5	30·2	3·3

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys are estimated at $43 million for 1954-55 compared with $39 million in 1953-54. Of this increase of $4 million, $1 million is attributable to the increased expenses in connection with the movement of coal under the Dominion Coal Board and $2 million to increased outlays on surveys and mapping services.

A comparative summary of expenditures for the last two fiscal years is shown in the following table:

TABLE XX

(In millions of dollars)

Mines and Technical Surveys	Fiscal Year Ended March 31		Increase or Decrease(−)
	1955 (Estimated)	1954	
Emergency gold mining assistance	15·3	15·2	0·1
Dominion Coal Board	11·3	10·3	1·0
Surveys and mapping including aerial photography	9·4	7·1	2·3
Mines branch	2·9	2·6	0·3
Geological survey of Canada	2·2	1·9	0·3
Administration and general	1·4	1·4	
	42·5	38·5	4·0

National Health and Welfare

Family allowance payments constitute a major item of expenditure of the Department of National Health and Welfare and, because of their importance in relation to the total government expenditures, have been dealt with under a separate heading in preceding paragraphs. Other expenditures of the department are estimated at $86 million for 1954-55, an increase of $6 million compared with $80 million in 1953-54.

The following table presents a comparative summary of these other expenditures of the department for the last two years:

TABLE XXI

(In millions of dollars)

National Health and Welfare	Fiscal Year Ended March 31		Increase or Decrease(−)
	1955 (Estimated)	1954	
General health grants	31·7	29·2	2·5
Old age and disabled persons assistance	21·6	20·3	1·3
Allowances to blind persons	2·9	2·9	
Indians and Eskimos health services	16·0	14·3	1·7
Other health services	6·2	5·8	0·4
Civil defence programme	3·9	4·0	−0·1
Administration and general	4·3	3·9	0·4
	86·6	80·4	6·2

General health grants to assist the provinces in hospital construction, general health services and the control of diseases are estimated at $32 million for 1954-55 compared with $29 million in the previous year.

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $40 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who are in the age group of 65 to 69. (Under the Old Age Security Act, all persons 70 years and over who satisfy the residence requirements may receive a pension of $40 per month from the federal government out of the Old Age Security Fund.) Similarly, under the Blind Persons Act, the federal

government reimburses the provinces for allowances paid to eligible blind persons in need over the age of 21, but under this Act, the federal reimbursement is 75 per cent of the total payments.

Payments by the federal government in respect of old age assistance were $21 million in 1954-55 compared with $20 million in 1953-54. Payments on account of allowances to blind persons amounting to $3 million for 1954-55 are unchanged from the previous year.

The following table presents an estimated distribution of these payments by provinces for the fiscal year 1954-55:

TABLE XXII

(In millions of dollars)

General Health Grants and Federal Share of Old Age Assistance and Allowances to Blind Persons	Fiscal Year Ended March 31, 1955 (Estimated)		
	General health grants	Old age and disabled persons assistance	Allowances to blind persons
Newfoundland	0·9	0·9	0·1
Nova Scotia	1·6	1·1	0·2
Prince Edward Island	0·2	0·1	(1)
New Brunswick	1·4	1·3	0·3
Quebec	10·0	7·4	1·2
Ontario	8·3	5·1	0·6
Manitoba	1·9	1·2	0·1
Saskatchewan	2·2	1·1	0·1
Alberta	2·1	1·3	0·1
British Columbia	3·0	2·1	0·2
Northwest and Yukon Territories	(1)	(1)	(1)
	31·7	21·6	2·9

(1) Less than $50,000.

Expenditures relating to Indian and Eskimo health services are estimated at $16 million for 1954-55 compared with $14 million in the previous year. Expenditures for other health services at $6 million were slightly greater than the total spent in 1953-54.

Civil defence programme expenditures at $4 million were also practically the same as for the previous fiscal year.

National Research Council

Expenditures of the National Research Council are estimated at $16 million for 1954-55, only slightly higher than in 1953-54. Salaries and other expenses at $14 million are $1 million greater than the total of $13 million for 1953-54, while the cost of construction or acquisition of buildings, works, land and new equipment was $2 million in 1954-55, a decrease of $1 million from the total of $3 million in the previous year.

National Revenue

Expenditures for the Department of National Revenue are estimated at $55 million compared with $50 million for 1953-54. Increases of $2 million for the customs and excise division and $3 million for the taxation division account for the $5 million increase.

The following table presents a comparative summary of the expenditures for 1954-55 and 1953-54:

TABLE XXIII

(In millions of dollars)

National Revenue	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Customs and excise division	29·5	27·0	2·5
Taxation division	25·6	22·8	2·8
Income tax appeal board	0·1	0·1	
	55·2	49·9	5·3

Northern Affairs and National Resources

Expenditures in 1954-55 for the Department of Northern Affairs and National Resources are estimated at $20 million, an increase of $1 million over the total of $19 million in the previous year. Of this net increase, $1 million is attributable largely to expenditures for the national parks and historic sites services of the National Parks Branch. A small increase in the northern administration and lands branch services is offset by a similar decrease in the forestry branch services.

The following table presents a comparative summary of expenditures for the department for the last two years:

TABLE XXIV

(In millions of dollars)

Northern Affairs and National Resources	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
National parks branch	8·5	7·4	1·1
Engineering and water resources branch	1·7	1·6	0·1
Northern administration and lands branch	4·2	3·5	0·7
Forestry branch	4·0	4·8	−0·8
Canadian government travel bureau	1·5	1·4	0·1
Administration and general	0·5	0·4	0·1
	20·4	19·1	1·3

Post Office

Gross expenditures of the Post Office Department for 1954-55, including payments from revenue, are estimated at $145 million, an increase of $13 million over the total of $132 million for 1953-54. Remuneration of postmasters and staffs at revenue and semi-staff offices, commissions at sub-offices and certain other authorized disbursements, are paid from revenue. These payments, included in the total of $145 million, are estimated at $21 million for 1954-55 compared with $19 million for the previous year. Disbursements charged to budgetary expenditures are estimated at $124 million for 1954-55, an increase of $11 million over the previous fiscal year.

The Budget—Appendix

The following table presents a comparative summary of expenditures for the department during the past two years:

TABLE XXV

(In millions of dollars)

Post Office	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Charged to budgetary expenditure—			
Operations—salaries and other expenses of staff post offices, district offices and railway mail services and supplies, equipment and other items for revenue post offices	74·6	65·0	9·6
Transportation—movement of mail by land, air and water	46·1	45·0	1·1
Financial services	2·5	2·3	0·2
Administration and general	1·3	1·3	.....
	124·5	*113·6*	*10·9*
Charged to revenue—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices and other disbursements	20·5	18·8	1·7
	145·0	132·4	12·6

Public Works

Expenditures for the Department of Public Works for 1954-55 are estimated to total $138 million compared with $115 million in 1953-54, an increase of $23 million.

In 1954-55, expenditures of the architectural branch were $79 million or $17 million greater than the total of $62 million for the previous year. Of this increase, $14 million is attributable to the acquisition and construction of and improvements to public buildings while the operation and maintenance of public buildings and grounds accounted for a further increase amounting to $3 million. Expenditures of the engineering branch are expected to show a decrease of $1 million.

The Government's contribution to the provinces in connection with the Trans-Canada Highway Act is estimated at $20 million for 1954-55, an increase of $7 million compared with $13 million for 1953-54.

Expenditures under housing legislation are estimated at $3 million for 1954-55 compared with $2 million for the previous year. The increase of $1 million is attributable mainly to payments in 1954-55 relating to grants to municipalities for slum clearance.

The following table presents a comparative summary of expenditures for the department in the past two years:

TABLE XXVI

(In millions of dollars)

Public Works	Fiscal Year Ended March 31		Increase or Decrease(−)
	1955 (Estimated)	1954	
Architectural branch—			
Public buildings and grounds—			
Operation and maintenance—			
Ottawa	13·9	12·7	1·2
Other centres	20·9	19·1	1·8
Acquisition, construction and improvements—			
Public buildings	43·8	29·7	14·1
Other expenditures	0·7	0·5	0·2
	79·3	*62·0*	*17·3*
Engineering branch—			
Acquisition, construction and improvements of harbour and river works	19·6	21·9	−2·3
Harbours and rivers—repairs and upkeep	3·1	2·6	0·5
Dredging	4·6	3·9	0·7
Engineering services and other works generally	5·9	5·9	
	33·2	*34·3*	*−1·1*
Contributions to the provinces under the Trans-Canada Highway Act	20·0	13·4	6·6
Housing	2·5	1·7	0·8
Administrative and general expenditure	3·0	3·6	−0·6
	138·0	115·0	23·0

Royal Canadian Mounted Police

Expenditures for the Royal Canadian Mounted Police are estimated at $36 million for 1954-55 compared with the total of $34 million for 1953-54. The increase of $2 million is due mainly to an increase in land and air services. These amounts represent gross expenditures; payments received from the provinces for police services are credited to revenue.

The following table presents a comparative summary of expenditures for 1954-55 and 1953-54:

TABLE XXVII

(In millions of dollars)

Royal Canadian Mounted Police	Fiscal Year Ended March 31		Increase or Decrease(−)
	1955 (Estimated)	1954	
Land and air services	25·0	23·1	1·9
Marine services	1·3	1·1	0·2
Headquarters administration	7·0	7·1	−0·1
Government contribution to the Royal Canadian Mounted Police pension account	0·7	0·7	
Other administration and general	2·0	1·9	0·1
	36·0	33·9	2·1

Trade and Commerce

Expenditures for the Department of Trade and Commerce are estimated at $18 million for 1954-55, an increase of $1 million over the total of $17 million for the previous year.

The Budget—Appendix

The following table presents a comparative summary of expenditures for the department for 1954-55 and 1953-54:

TABLE XXVIII

(In millions of dollars)

Trade and Commerce	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Dominion Bureau of Statistics	5·6	5·3	0·3
Canada Grain Act	5·1	4·7	0·4
Trade Commissioners service	2·4	2·4	.....
Standards division	1·6	1·4	0·2
Administration and general	3·0	2·7	0·3
	17·7	16·5	1·2

Transport

Expenditures of the Department of Transport are estimated at $159 million for 1954-55 compared with $118 million in 1953-54, an increase of $41 million as shown in the following table:

TABLE XXIX

(In millions of dollars)

Transport	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Air services—			
Telecommunications division	14·2	13·7	0·5
Meteorological division	7·4	6·7	0·7
Civil aviation division	23·5	20·7	2·8
Administration	0·2	0·2	.....
	45·3	*41·3*	*4·0*
Canal services	8·0	8·4	−0·4
Marine services	21·9	20·3	1·6
Railway services—			
Maritime Freight Rates Act—			
Difference between tariff and normal tolls	10·7	10·5	0·2
Other railway services	19·6	13·4	6·2
Maintenance of trackage	7·0	7·0	.....
	37·3	*30·9*	*6·4*
Canadian Maritime Commission	4·3	4·2	0·1
Government owned enterprises—			
Net income deficits—			
Canadian National Railways	28·8	.....	28·8
Other	4·4	4·5	−0·1
Non-active advances	4·0	4·2	−0·2
Administration and general	4·8	4·2	0·6
	158·8	118·0	40·8

Expenditures of $45 million in 1954-55 for air services are $4 million higher than in 1953-54. Of this increase, $3 million relates to the civil aviation division, $2 million of which is attributable to the cost of construction or acquisition of buildings, works, land and new equipment in connection with airways and airports.

Expenditures for marine services were $22 million in 1954-55. The increase of $2 million is due largely to an increase of $1 million in expenditures for the administration, operation and maintenance of marine service steamers and $1 million for the construction or acquisition of vessels and equipment.

Railway services expenditures were $37 million compared with $31 million in 1953-54. Of this increase of $6 million, $4 million is on account of Strait of Canso transportation improvements and facilities; $1 million relates to the construction of new dock and terminal facilities at Port-aux-Basques, Newfoundland, and $1 million to the construction or acquisition of auto-ferry vessels. Payments covering net operating deficits of and non-active loans and advances to certain government owned enterprises were $37 million in 1954-55 compared with $9 million in the previous year. The increase of $28 million is more than accounted for by the operating deficit of the Canadian National Railways which was $28·8 million for the calendar year 1954. In 1953 the Railway had an operating surplus of $244,000.

Veterans Affairs

Expenditures for the Department of Veterans Affairs for 1954-55 are estimated at $242 million, an increase of $3 million compared with the total spent in the previous year. Increases of $1 million in pensions, $1 million in treatment services, $2 million in war veterans allowances and other benefits are partially offset by a decrease of $3 million in war service gratuities and re-establishment credits.

Expenditures relating to the administration of the Soldier Settlement and Veterans' Land Acts reflect an increase of $1 million while the provision for the reserve for conditional benefits under the Veterans' Land Act at $9 million for 1954-55 is slightly greater than the provision of $8·5 million for 1953-54. These conditional grants are made to veterans who enter into agreements with the director for sales of land and chattels provided they fulfil the terms of the agreements for a period of ten years. The amount charged to expenditures during 1954-55 under this heading covers one-tenth of the conditional benefits included in sales to veterans prior to April 1955.

The following table presents a comparative summary of expenditures for the department for the past two years:

TABLE XXX

(In millions of dollars)

Veterans Affairs	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Pensions for disability or death	128·9	127·6	1·3
Treatment services	43·6	42·2	1·4
War veterans' allowances and other benefits	31·8	30·3	1·5
Post-discharge rehabilitation benefits	2·6	2·5	0·1
War service gratuities and re-establishments credits	6·2	8·9	−2·7
Soldier Settlement and Veterans' Land Acts—Administration and general	6·7	5·3	1·4
Provision for reserve for conditional benefits, Veterans Land Act	8·9	8·5	0·4
Departmental, district and pensions administration and miscellaneous payments	13·5	13·4	0·1
	242·2	238·7	3·5

All Other Departments

Expenditures of the departments not dealt with in the preceding sections amounted to $61·3 million in 1954-55 compared with $61 million in 1953-54. The table which follows presents a comparative summary of the expenditures for the past two years:

TABLE XXXI

(In millions of dollars)

All Other Departments	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Auditor General	0·7	0·6	0·1
Chief Electoral Officer	0·3	5·5	−5·2
Civil Service Commission	2·4	2·1	0·3
Fisheries	11·2	9·3	1·9
Governor General and Lieutenant-Governors	0·4	0·4	.....
Insurance	0·5	0·5	.....
Justice	6·0	5·8	0·2
Office of the Commissioner of Penitentiaries	10·9	9·2	1·7
Labour	9·8	9·6	0·2
Legislation	6·7	5·6	1·1
National Film Board	3·4	3·0	0·4
Privy Council	3·8	3·7	0·1
Public Archives and National Library	0·4	0·4	.....
Public Printing and Stationery	2·1	2·0	0·1
Secretary of State	2·7	3·3	−0·6
	61·3	61·0	0·3

Decreases of $5 million in the expenses of the Chief Electoral Officer (the 1953-54 accounts included the costs of the 1953 federal election) and $0·6 million for the Department of Secretary of State are more than offset by increases in expenditures of other departments, chief of which are $2 million for the Department of Fisheries; $1·7 million for the Office of the Commissioner of Penitentiaries and $1 million for legislation reflecting increased sessional indemnities to members of the Senate and the House of Commons.

4. SUMMARY OF ASSETS AND LIABILITIES OF CANADA AT MARCH 31, 1955

The estimated balances of the asset and liability accounts as at March 31, 1955, the comparable balances at March 31, 1954, and the changes in each category during 1954-55 are shown in the following table:

TABLE XXXII

SUMMARY OF THE ASSETS AND LIABILITIES OF CANADA

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
LIABILITIES			
Floating debt	825·8	868·5	−42·7
Deposit and trust accounts	201·7	204·1	−2·4
Insurance, pension and guaranty accounts	1,977·7	1,772·9	204·8
Deferred credits	145·7	151·3	−5·6
Sundry suspense accounts	293·5	338·2	−44·7
Province debt accounts	11·9	11·9	.....
Unmatured debt	14,487·8	14,576·2	−88·4
	17,944·1	17,923·2	20·9
ACTIVE ASSETS			
Cash and other current assets	2,416·1	2,514·3	−98·2
Loans to, and investments in, Crown agencies	1,776·8	1,795·1	−18·3
Other loans and investments	2,331·6	2,437·9	−106·3
Sinking fund and other investments held for the retirement of debt	187·3	101·9	85·4
Province debt accounts	2·3	2·3	.....
Deferred charges	256·2	259·9	−3·7
Sundry suspense accounts	206·0	192·3	13·7
Total Active Assets	7,176·3	7,303·7	−127·4
Less: Reserve for possible losses on ultimate realization of active assets	496·4	496·4	.....
Net Active Assets	6,679·9	6,807·3	−127·4
Net Debt (excess of liabilities over net active assets)	11,264·2	11,115·9	148·3

Liabilities

The gross liabilities of the Government as at March 31, 1955, are estimated at $17,944 million, an increase of $21 million over the total of $17,923 million at the close of the previous fiscal year.

Unmatured debt outstanding, including bonds and treasury bills, amounted to $14,488 million at March 31, 1955, or approximately 81 per cent of all liabilities. Of the total outstanding unmatured debt, $14,096 million or 97 per cent was payable in Canada and the balance of $392 million was payable in foreign currencies—$341 million in United States dollars and $51 million in pounds sterling. A complete statement in tabular form of the Government's unmatured debt as at March 31, 1955 with details of interest rates, dates of maturity, annual interest charges and amounts of principal outstanding for each loan is presented at the end of this Part.

The Government's liability as at March 31, 1955 in respect of insurance, pension and guaranty accounts is estimated at $1,978 million. Floating debt, including outstanding cheques, miscellaneous accounts payable (cheques issued in April, 1955, in payment of accounts relating to the fiscal year 1954-55) and notes and other obligations payable on demand, is expected to total $826 million.

The other liability items are: sundry suspense accounts (where some uncertainty as to disposal exists), $293 million; deposit and trust accounts (consisting of moneys deposited with or held by the Receiver General for various purposes), $202 million; deferred credits (consisting of balances whose ultimate accounting treatment is known, but which are held until certain conditions are fulfilled), $146 million; and province debt accounts (representing settlements arising out of agreements at the time of Confederation), $11·9 million.

Active Assets

Offsetting the liabilities, and to some extent explaining their existence—as a substantial part of the total debt has been incurred on account of them—are the Government's active assets. For the most part these consist of assets which yield interest, profits or dividends, liquid assets such as cash and departmental working funds together with certain prepaid expenses and sundry suspense accounts.

The total active assets at March 31, 1955, are estimated at $7,176 million, a decrease of $127 million from the total at the end of the previous year. The totals of the various active asset categories as at March 31, 1955, were: cash and other current assets, $2,416 million; loans to, and investments in, Crown agencies, $1,777 million; other loans and investments, (consisting of loans to provincial, municipal and national governments, subscriptions to international organizations and advances to veterans and others) $2,332 million; deferred charges, $256 million; sundry suspense accounts, $206 million; sinking fund and other investments held for the retirement of debt, $187 million and province debt accounts $2·3 million.

The reserve for possible losses on ultimate realization of active assets amounting to $496 million, is shown on the statement of assets and liabilities as a deduction from the total active assets, bringing the net active assets total to $6,680 million.

A. Changes in Principal Liability Classifications During 1954-55

The gross liabilities of the Government are expected to show an increase of $21 million over the total at the close of the previous fiscal year. An increase of $205 million in insurance, pension and guaranty accounts is partially offset by decreases of $88 million in unmatured debt, $45 million in sundry suspense accounts, $43 million in floating debt, $6 million in deferred credits and $2 million in deposit and trust accounts.

Floating Debt

It is estimated that floating debt decreased $42 million during the fiscal year. Increases of $9 million in miscellaneous accounts payable and $13 million in outstanding cheques and warrants are partially offset by decreases of $43 million in notes and other obligations payable on demand, $20 million in matured debt outstanding, $1 million in interest due and outstanding and $0·2 million in post office account.

The estimated changes in floating debt during the fiscal year 1954-55 are shown in the following table.

TABLE XXXIII

(In millions of dollars)

Floating Debt	Balance at March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Matured debt outstanding	48·6	68·2	−19·6
Notes and other obligations payable on demand	225·3	268·7	−43·4
Interest due and outstanding	55·0	56·3	−1·3
Outstanding cheques and warrants	262·0	249·2	12·8
Miscellaneous accounts payable	211·4	202·4	9·0
Post Office (net liability for money orders, etc.)	23·5	23·7	−0·2
	825·8	868·5	−42·7

Deposit and Trust Accounts

Deposit and trust accounts decreased by $2 million during the year. The major changes in this category were an increase of $13 million in the Colombo plan fund, representing the difference between the amount of $25 million credited to the fund out of moneys voted by Parliament for assistance to countries in South and South-east Asia and disbursements from the fund, and a decrease of $14 million in the prairie farm emergency fund, representing the difference between the total of $20 million paid as awards under the Prairie Farm Assistance Act and $6 million collected as levies.

Insurance Pension and Guaranty Accounts

The increase in insurance, pension and guaranty accounts during the fiscal year is estimated at $205 million. The changes in the various accounts for the fiscal year are shown in the following table.

TABLE XXXIV

(In millions of dollars)

Insurance, Pension and Guaranty Accounts	Balance at March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Unemployment insurance fund	853·0	892·3	−39·3
Less: Investment in bonds and accrued interest	838·0	878·7	−40·7
	15·0	13·6	1·4
Government annuities	862·5	798·5	64·0
Superannuation account	732·7	656·7	76·0
Permanent services pension account	278·5	217·2	61·3
Other	89·0	86·9	2·1
	1,977·7	1,772·9	204·8

The decrease of $39 million in the unemployment insurance fund, representing the amount by which benefit payments totalling $255 million during 1954-55 exceeded contributions by employers, employees and the government, income from investments, and other miscellaneous revenue credited to the fund is reflected in a reduction in the investments of the fund; the cash balances held for the fund by the Receiver General at March 31, 1955 increased $1 million from March 31, 1954.

The increase of $76 million in the superannuation account is attributable mainly to the Government's contribution of $37 million equal to the estimated current and prior service payments of individuals in 1953-54, and $28 million interest credited to the account. The remainder of the increase is due to the excess of employees' current and prior service contributions over benefit payments.

The Government annuities account is expected to show an increase of $64 million and the permanent services pension account an increase of $61 million. The increase in the permanent services pension account represents the Government's contribution of $37 million (which is made at the rate of one and two third times the current contributions and contributions for arrears), interest on the account $9 million and contributions by permanent services personnel for current service and arrears, less the payments from the account.

Other insurance, pension and guaranty accounts show an increase of $2 million for the year.

Old Age Security Fund

Under the Old Age Security Act pensions of $40 per month are paid to all eligible persons seventy years of age and over without a means test from the old age security fund. During the fiscal year payments from the fund amounted to $353 million while credits to the fund from the proceeds of the 2 per cent tax on personal incomes, the 2 per cent tax on corporation profits and the 2 per cent sales tax totalled $291 million. Under the authority of section 11 of the Old Age Security Act, the Minister of Finance made a temporary loan of $62 million to the fund to cover the deficit resulting from these transactions during 1954-55. This amount, together with the loan of $46 million covering the deficit of the fund for 1953-54, brings the temporary loans made by the Minister of Finance to the fund to $108 million.

The following table shows the transactions in the old age security fund for the last two years:

TABLE XXXV

(In millions of dollars)

Old Age Security Fund	Fiscal Year Ended March 31			
	1955 (Estimated)		1954	
Pension payments		353·2		338·9
Tax receipts—				
2 per cent sales tax	144·0		146·8	
2 per cent individual income tax	101·0		90·7	
2 per cent corporation income tax	46·0	291·0	55·6	293·1
Excess of pension payments over tax receipts covered by temporary loans from the Minister of Finance		62·2		45·8
Temporary loan carried forward from previous year		45·8		99·5
Written off to active asset reserve				−99·5
Outstanding at end of fiscal year		108·0		45·8

A distribution by provinces of pension payments from the old age security fund for the last two years is shown in the following table:

TABLE XXXVI

(In millions of dollars)

Old Age Security Payments by Provinces	Fiscal Year Ended March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Newfoundland	7·5	7·2	0·3
Nova Scotia	18·2	17·7	0·5
Prince Edward Island	3·2	3·2	.....
New Brunswick	13·0	12·6	0·4
Quebec	74·8	72·0	2·8
Ontario	130·4	125·8	4·6
Manitoba	21·0	20·1	0·9
Saskatchewan	21·1	20·1	1·0
Alberta	21·4	20·1	1·3
British Columbia	42·4	39·9	2·5
Northwest and Yukon Territories	0·2	0·2	.....
	353·2	338·9	14·3

Deferred Credits

The decrease in deferred credits is estimated to be $6 million. The more important changes in this category are decreases of $5 million in accrued interest on public debt and $1 million in balances receivable under agreements of sale of Crown assets, set up as a contra account to an account under the same name in other loans and investments.

The decrease in balances receivable under agreements of sale of Crown assets reflects the repayment by A. V. Roe Canada Limited of $8 million of the amount due by them under an agreement of sale offset by certain new balances of agreements of sale totalling $7 million, including $2·6 million with Canadian Pratt and Whitney Aircraft Limited and $1·9 million with English Electric Company Limited.

Sundry Suspense Accounts

Sundry suspense accounts show a decrease of $45 million. The major changes in the accounts in this category are decreases of $32 million in the defence equipment replacement account and of $16 million in the replacement of materiel account and an increase of $3 million on account of the railway grade crossing fund. The transactions in the defence equipment replacement account reflect a reduction in the undisbursed balance in the account which was established under section 3 of the Defence Appropriation Act, 1950, and subsequent votes of Parliament for the same purpose. Under the terms of the Act, the value of defence materials and supplies acquired prior to March 31, 1950, and transferred to members of the North Atlantic Treaty Organization may be credited to the account and these credits may be used in subsequent years to purchase equipment or supplies for the naval, army or air services of the Canadian forces. Disbursements from the account are estimated at $79 million, and credits for equipment transferred at $47 million.

The replacement of materiel account established by section 11 of the National Defence Act is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by

the Governor in Council to be sold to other countries. The account is debited with disbursements representing amounts paid for the procurement of replacement materiel. During 1954-55 disbursements from the account exceeded credits by $16 million.

The amount of $3 million for the railway grade crossing fund reflects the setting up in the accounts of the undisbursed balance of moneys appropriated by the Railway Act for the purposes of the railway grade crossing fund up to the close of the fiscal year 1954-55.

Province Debt Accounts

There were no changes in the province debt accounts during the fiscal year. The amounts have remained unchanged for many years.

Unmatured Debt

The unmatured debt outstanding at the close of 1954-55 was $14,488 million, a reduction of $88 million for the year, all of which is reflected in debt payable in Canada. The details of the various loan redemptions, flotations and adjustments resulting in this net decrease are described more fully in the section on "The Public Debt".

B.—Changes in the Principal Active Asset Classifications During 1954-55

It is estimated that active assets decreased by $127 million during 1954-55. Decreases of $106 million in other loans and investments, $98 million in cash and other current assets, $18 million in loans to, and investments in, Crown agencies and $4 million in deferred charges were offset in part by increases of $85 million in sinking fund and other investments held for the retirement of debt and $14 million in sundry suspense accounts. There was no change during the fiscal year in the reserve for possible losses on ultimate realization of active assets which stood at $496 million at March 31, 1955.

Cash and Other Current Assets

The changes in the various accounts in this category are shown in the following table:

TABLE XXXVII

(In millions of dollars)

Cash and Other Current Assets	Balance at March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Cash in current and special deposits (including blocked currency of $1·2 million at March 31, 1955, and $2 million at March 31, 1954)	206·0	359·9	−153·9
Cash in hands of collectors and in transit	96·0	123·6	−27·6
Other liquid assets—			
Exchange fund account—advances represented by cash and securities	1,769·5	1,763·8	5·7
Securities investment account	45·7	18·0	27·7
Working capital advances—			
Crown corporations	22·5	22·7	−0·2
Defence production revolving fund	75·0	80·2	−5·2
Temporary loan to old age security fund	108·0	45·8	62·2
Departmental	51·3	42·5	8·8
Miscellaneous departmental imprest and advance accounts	23·6	35·2	−11·6
Other current assets	18·5	22·5	−4·0
	2,416·1	2,514·3	−98·2

The principal changes in this category were decreases of $154 million in cash in current and special deposits, $28 million in cash in hands of collectors

and in transit and increases of $6 million in the exchange fund account, $62 million in the temporary loan by the Minister of Finance to the old age security fund, and $9 million in departmental working capital advances.

Advances to the exchange fund amounted to $158 million while repayments were $138 million. However, the fund's revaluation deficit which stood at $191 million at December 31, 1953 and $205 million at December 31, 1954, is recorded under sundry suspense accounts. Consequently the net increase for the fiscal year was $6 million, reflecting additional advances of $20 million less the transfer of $14 million to the revaluation deficit account.

The decrease of $5 million in the Defence Production revolving fund represents the amount by which credits to the account from the sale of essential materials and defence supplies exceeded the cost of acquiring, storing, maintaining and transporting such materials.

Departmental working capital advances increased by $9 million, the chief of which is the increase of $9 million in the agricultural prices support account reflecting the difference between the credit to the account of $3 million, representing the loss on operations for 1954-55, which is included in the year's expenditures, and the net debit of $12 million to the account representing the excess of purchases over sales during the year by the Agricultural Prices Support Board.

The increase of $62 million in the temporary loan to the old age security fund represents the advance made by the Minister of Finance to cover the deficit of the fund for the year 1954-55. This advance together with the advance of $46 million to cover the deficit of the previous year brings the total temporary loan to $108 million at March 31, 1955.

Loans to, and Investments in, Crown Agencies

It is estimated that loans to, and investments in, Crown agencies decreased by $18 million during the year. The more important changes during the year are a decrease of $93 million in loans and advances to the Canadian National Railways and increases of $49 million in loans to Central Mortgage and Housing Corporation and $16 million in advances to Atomic Energy of Canada Limited. The changes in this category are shown in the following table:

TABLE XXXVIII
(In millions of dollars)

Loans To, and Investments In, Crown Agencies	Balance at March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Atomic Energy of Canada Limited	32·4	16·0	16·4
Bank of Canada—capital stock	5·9	5·9	.....
Canadian Broadcasting Corporation	19·0	16·0	3·0
Canadian Farm Loan Board	36·8	32·6	4·2
Canadian National Railways	934·2	1,027·4	−93·2
Canadian National (West Indies) Steamships, Limited	3·7	0·1	3·6
Canadian Overseas Telecommunication Corporation	4·0	3·8	0·2
Central Mortgage and Housing Corporation—			
Capital advances	25·0	25·0	.....
Loans	555·8	506·3	49·5
Eldorado Mining and Refining Limited	8·2	8·2	.....
Export Credits Insurance Corporation	5·0	5·0	.....
National Harbours Board	107·2	106·2	1·0
Northwest Territories Power Commission	7·8	8·1	−0·3
Polymer Corporation Limited	30·0	34·0	−4·0
St. Lawrence Seaway Authority	1·3	.....	1·3
Other Crown agencies	0·5	0·5	.....
	1,776·8	1,795·1	−18·3

In the fiscal year ended March 31, 1955, the government advanced $119 million to the Canadian National Railway Company for capital purposes and the retirement of funded debt in the hands of the public. A portion of the proceeds of a $250 million 2¾ per cent bond issue sold to the public in December 1954, was used to repay $219 million of government advances then outstanding. In addition, a temporary loan of $12 million outstanding at the beginning of the year together with $16 million advanced during the year for income deficit was paid off from an appropriation in the Further Supplementary Estimates. The consequence of all these transactions was a net reduction of $112 million during the fiscal year in advances to the Company.

In addition, the government purchased $19·3 million of 4 per cent preferred stock of the Canadian National Railway Company in order to assist the Company to finance additional capital expenditures. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952, in an amount equal to three per cent of the gross operating revenues of the Company.

Loans to Central Mortgage and Housing Corporation during the fiscal year amounted to $53 million, of which $45 million was for lending purposes, $1 million for construction and $7 million for federal-provincial housing projects. Repayments of $3 million on account of house construction and $1 million on federal-provincial housing projects bring the net increase for the fiscal year in loans to the Corporation to $49 million.

Other increases in loans and advances to Crown agencies during the year were; $16 million to Atomic Energy of Canada Limited, $4 million to the Canadian Farm Loan Board, $3·6 million to the Canadian National (West Indies) Steamships Limited, $3 million to the Canadian Broadcasting Corporation, $1 million to the National Harbours Board, and $1·3 million to The St. Lawrence Seaway Authority.

Polymer Corporation Limited reduced its indebtedness to the government by $4 million during the year and Northwest Territories Power Commission by $0·3 million.

Other Loans and Investments

Other loans and investments decreased by $106 million during the year. The balances of the main accounts in this category together with the changes during the year are shown in the following table:

TABLE XXXIX

(In millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Loans to United Kingdom and other governments	1,700·7	1,772·3	−71·6
Subscription to capital of International Monetary Fund	293·4	322·5	−29·1
Subscription to capital of International Bank for Reconstruction and Development	70·9	70·9	.....
Loans to provincial and municipal governments	79·8	83·6	−3·8
Advances under Soldier Settlement and Veterans' Land Acts	162·6	162·0	0·6
Miscellaneous loans and investments	24·2	26·6	−2·4
	2,331·6	2,437·9	−106·3

The loans to the United Kingdom and other governments are estimated to total $1,701 million, a decrease of $71 million from the total at the close of the previous year. The changes in these loans are shown in the following table.

TABLE XL

(In millions of dollars)

Loans to United Kingdom and Other National Governments	Balance at March 31		Increase or Decrease (−)
	1955 (Estimated)	1954	
Loans to United Kingdom—			
The War Appropriation (United Kingdom Financing) Act, 1942	112·5	142·5	−30·0
The United Kingdom Financial Agreement Act, 1946	1,127·3	1,142·1	−14·8
	1,239·8	*1,284·6*	*−44·8*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	50·8	53·1	−2·3
China	49·4	49·4	.....
Czechoslovakia	9·9	9·9	.....
France	192·5	200·8	−8·3
Indonesia	3·1	6·2	−3·1
Netherlands	101·0	105·6	−4·6
Norway	10·5	15·8	−5·3
	417·2	*440·8*	*−23·6*
Miscellaneous loans and advances—			
France—Military reliefcredits settlement	3·0	3·5	−0·5
Interim credit—consolidated interest	1·9	2·0	−0·1
Greece	6·5	6·5	.....
Netherlands—Military relief and currency credit settlement	4·0	4·6	−0·6
Roumania	24·3	24·3	.....
Union of Soviet Socialist Republics	3·6	5·4	−1·8
Miscellaneous	0·4	0·6	−0·2
	43·7	*46·9*	*−3·2*
	1,700·7	1,772·3	−71·6

During the year the Government of the United Kingdom reduced the balance of the $700 million interest free loan granted under the provisions of the War Appropriation (United Kingdom Financing) Act, 1942, by $30 million as arranged under the terms of an agreement entered into on August 13, 1953 between the Governments of the United Kingdom and Canada. The balance outstanding at March 31, 1955 was $112 million. Under the terms of the agreement the loan is to continue to be free of interest until December 1958.

The Government of the United Kingdom also repaid $15 million on account of the $1,185 million loan made under the $1,250 million credit authorized by United Kingdom Financial Agreement Act, 1946, reducing the unpaid balance to $1,127 million at the close of the fiscal year.

Advances under Part II of the Export Credits Insurance Act to certain foreign countries to assist them in purchasing goods and services in Canada were reduced by $24 million during the year. Repayments by the various countries during the year are shown in the preceding table. All payments of principal due during the fiscal year 1954-55 were made in accordance with the agreements entered into by the Governments of the various countries and the Government of Canada with the exception of those owing by the Governments of China and Czechoslovakia.

Miscellaneous loans and advances to foreign governments were reduced by $3 million, of which $1·8 million was received from the Government of the Union of Soviet Socialist Republics.

The subscription to the capital of the International Monetary Fund was reduced by $29 million during the year. This decrease represents adjustments occasioned by the increased value in terms of Canadian dollars of Canada's subscription to the fund.

Loans to provincial and municipal governments decreased by $3·8 million during the year. Repayments by provinces amounted to $3·4 million and by municipalities to $0·4 million.

Advances under the Soldier Settlement and Veterans' Land Acts increased by $9·1 million, However, as $8·5 million was added to the reserve for conditional benefits under the Veterans' Land Act, the net increase was only $0·6 million.

Miscellaneous loans and investments decreased by $2 million during the year. A decrease of $3 million in balances receivable under agreements of sale of Crown assets was offset by increases in other items in this category totalling $1 million.

Sinking Fund and Other Investments Held for the Retirement of Unmatured Debt.

There was an increase of $85 million in these assets during the fiscal year 1954-55 due mainly to the purchase of bonds of various Government of Canada issues payable in United States dollars.

Province Debt Accounts

There were no changes in the province debt accounts during the fiscal year. The amount resulting from financial adjustments with certain of the provinces at Confederation have remained unchanged for many years.

Deferred Charges

Deferred charges decreased by $4 million during the fiscal year. There was no change in the unamortized portion of the superannuation account liability during the year but payments of $19 million for commissions and discounts on new loans were more than offset by the annual amortization charges of $23 million applicable to 1954-55 included in the year's expenditures.

Sundry Suspense Accounts

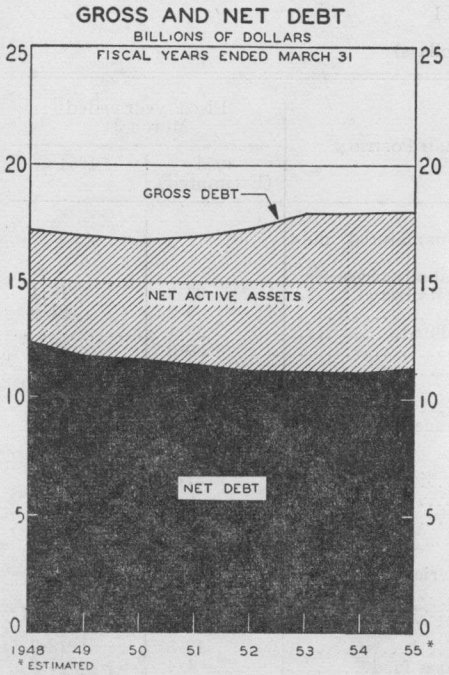
The increase of $14 million in sundry suspense accounts during the year is mainly due to the fact that the deficit arising from exchange revaluations of the assets and liabilities of the exchange fund was $205 million at December 31, 1954, compared with $191 million at December 31, 1953.

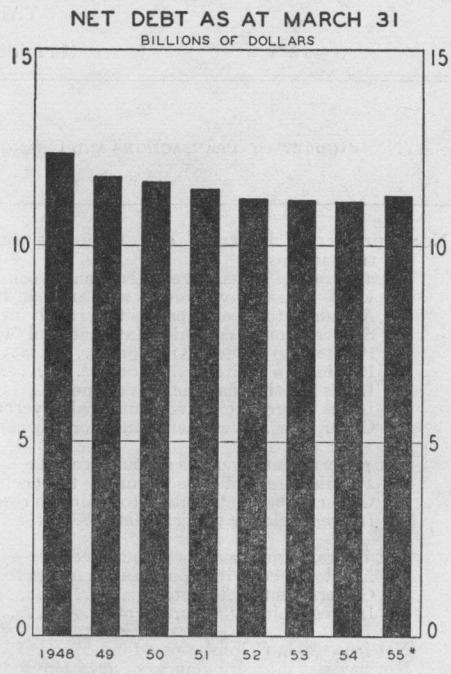
Reserve for Possible Losses on Ultimate Realization of Active Assets

There was no charge or credit to the reserve for possible losses on ultimate realization of active assets during the year. It is shown on the statement of assets and liabilities as at March 31, 1955, as $496 million, unchanged from the end of the previous year.

C. Increase in Net Debt

The estimated deficit for the fiscal year of $148 million resulted in a corresponding increase in the net debt of Canada, increasing it from $11,116 million at March 31, 1954 to $11,264 million at March 31, 1955.





5. THE CASH POSITION

While a substantial part of all government activities is directly reflected in the budgetary accounts, it is important to note that in addition to collecting revenues and making expenditures in the strict budgetary sense the government's financial operations include many transactions which involve the receipt and disbursement of large sums of cash which lie outside the budget proper.

In preceding sections of this survey the budgetary revenues and expenditures for the fiscal year 1954-55 have been described and analyzed in some detail. Although these budgetary transactions resulted in a deficit of $148 million, unmatured debt in the hands of the public was reduced by $202 million while cash balances declined by only $154 million. It is apparent that in considering the full scope of the government's financial operations and measuring their impact upon the nation's economy, non-budgetary as well as budgetary transactions must be taken into account.

The non-budgetary transactions are those which result in increases or decreases in the government's assets and liabilities. They do not appear in the government's income account nor do they enter into the calculation of the annual budgetary surplus or deficit.

On the assets side, they consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments and other borrowers, and investments in government securities.

On the liabilities side, the transactions relate mainly to receipts and payments in connection with the numerous deposit and trust, and annuity, insurance and pension funds held or administered by the government.

The following statement summarizes these non-budgetary transactions for 1954-55 and indicates how, together with the budgetary transactions, they affected the government's funded debt and cash position. For purposes of comparison, the corresponding figures for 1953-54 are also shown:

TABLE XLI

(In millions of dollars)

Non-Budgetary Transactions and Changes in Cash Position	Fiscal year ended March 31	
	1955 (Estimated)	1954
Non-Budgetary Receipts and Credits (excluding unmatured debt transactions)		
Repayments of loans, investments and working capital advances—		
Loans to, and investments in, Canadian National Railways	93·2	18·1
Advances to defence production revolving fund	5·2	21·9
Subscription to capital of International Monetary Fund	29·1	.....
1942 loan to United Kingdom	30·0	53·6
1946 loan to United Kingdom	14·8	14·6
Loans to other national governments	26·8	24·3
Loans to provincial and municipal governments	3·8	3·7
Other loans, investments and working capital advances	19·0	5·4
	221·9	*141·6*
Net government annuities account receipts—		
Premium receipts less payments to beneficiaries	31·9	32·5
Government contribution to maintain reserve	0·5	0·1
Interest paid by government	31·6	29·3
	64·0	*61·9*
Net insurance and pension account receipts—		
Employee contributions less payments to beneficiaries	27·0	19·6
Government contributions	74·9	90·8
Interest paid by government	37·5	31·8
	139·4	*142·2*
Net increase in Colombo plan fund	13·5	18·7
Net increase in cash balances of unemployment insurance fund	1·4	1·6
Net increase in reserve for conditional benefits—Veterans Land Act	8·4	8·5
Net reduction in unamortized discounts and commissions on loans	3·7	−10·3
Net receipts in sundry other accounts	35·8	20·4
Total	488·1	384·6
Non-Budgetary Disbursements and Charges (excluding unmatured debt transactions)—		
Loans, investments and working capital advances—		
Loans to Central Mortgage and Housing Corporation	49·5	98·8
Temporary loans to old age security fund	62·2	−53·7
Loans to, and investments in, Atomic Energy of Canada, Limited	16·4	7·4
Advances to agricultural prices support account	9·1	−55·4
Advances to exchange fund	20·0	−15·0
Loans under Soldier Settlement and Veterans Land Acts	9·1	7·8
Other loans, investments and working capital advances	13·3	27·8
	179·6	*17·7*
Other non-budgetary disbursements—		
Net decrease in defence equipment and materiel replacement accounts	48·4	−33·8
Net decrease in prairie farm emergency fund	13·7	−7·4
Net decrease in interest accrued on public debt	5·0	−12·0
Net decrease in matured debt, and other demand liabilities	42·7	−4·6
Net disbursements from sundry other accounts	2·8	1·9
Net decrease in provincial 5 per cent corporation income tax suspense account	.....	47·9
Net decrease in reserve for possible losses on ultimate realization of active assets	.....	49·5
Total	292·2	59·2
Net amount available from non-budgetary transactions	195·9	325·4
Add, Budgetary Surplus, or *Deduct* Budgetary Deficit (−)	−148·3	45·8
Overall cash available for debt reduction	47·6	371·2
Net increase or decrease (−) in unmatured debt outstanding in the hands of the public—		
Unmatured debt	−88·4	−234·4
Sinking fund	−85·4	−74·2
Securities investment account	−27·7	41·5
	−201·5	*−267·1*
Net increase, or decrease (−), in cash balances	−153·9	104·1

As the table indicates, non-budgetary receipts and credits (excluding unmatured debt transactions) were $488 million while non-budgetary disbursements and charges (also excluding unmatured debt transactions) were $292 million resulting in a net amount available from non-budgetary transactions of $196 million. This latter amount less the budgetary deficit of $148 million made $48 million available for debt reduction. In 1953-54, the excess of non-budgetary disbursements over receipts made $325 million available which, with the budgetary surplus of $46 million, made a total of $371 million available for debt reduction.

Non-budgetary receipts and credits for 1954-55 amounted to $488 million. Repayments of loans, investments and working capital advances totalled $222 million due mainly to net repayments of $93 million by Canadian National Railways (loans of $154 million during the fiscal year were more than offset by repayments totalling $247 million), a reduction of $29 million in Canada's subscription to the capital of the International Monetary Fund, and repayments of $72 million by the United Kingdom and other national governments. Other non-budgetary receipts and credits included $64 million on government annuities account, $139 million in respect of the several insurance and pension accounts which the government administers, $13 million representing the excess of credits over disbursements from the Colombo plan fund, and $49 million in respect of various other accounts.

Non-budgetary disbursements and charges amounted to $292 million during 1954-55. Loans, investments and working capital advances amounted to $180 million and included $49 million loaned to Central Mortgage and Housing Corporation for housing construction and loans, $62 million in temporary loans to the old age security fund to finance the amount by which pension payments exceeded tax receipts, $16 million advanced to Atomic Energy of Canada, Limited, for working capital and to finance the construction of the new reactor and other buildings and works at Chalk River and Deep River, $20 million to the exchange fund for the acquisition of gold and foreign exchange and $32 million for miscellaneous loans, investments and working capital advances (including $9 million for loans to veterans). In addition, $154 million was loaned during the year to Canadian National Railways for additions and betterments, the acquisition of new rolling stock and equipment and for additional working capital but these loans were more than offset by repayments totalling $247 million. Other non-budgetary disbursements and charges amounting to $113 million, include net disbursements of $48 million from the defence equipment and materiel replacement accounts, $14 million from the prairie farm emergency fund and $51 million from various other accounts.

By using the amount of $48 million available from budgetary and non-budgetary transactions and by allowing cash balances to run down by $154 million, unmatured debt in the hands of the public, after taking into account sinking fund purchases and transactions in the securities investment account, was reduced by $202 million during 1954-55.

6. THE PUBLIC DEBT

While the unmatured funded debt of Canada decreased by $88 million during the fiscal year, other liabilities increased by $109 million. Consequently, the gross public debt of Canada increased by $21 million from $17,923 million at March 31, 1954 to an estimated total of $17,944 million at March 31, 1955. During the same period the net active assets decreased by $127 million, with the result that the net debt—which is the gross debt less the active or revenue producing assets—was increased by $148 million.

The Budget—Appendix

The following table shows the relationship between the gross public debt, the unmatured funded debt and the net debt at the end of each fiscal year, March 31, 1948 to 1955 inclusive:

TABLE XLII

STATEMENT OF PUBLIC DEBT, UNMATURED FUNDED DEBT, ACTIVE ASSETS AND NET DEBT OF CANADA

(In millions of dollars)

As at March 31	Gross Public Debt			Less Active Assets	Net Debt	Increase (−) or Decrease in Net Debt during Fiscal Year
	Unmatured Funded Debt	Other Liabilities	Total			
1948	15,957·4	1,239·9	17,197·3	4,825·7	12,371·6	676·1
1949	15,585·0	1,365·4	16,950·4	5,174·3	11,776·1	595·5
1950	15,188·1	1,562·7	16,750·8	5,106·1	11,644·6	131·5
1951	15,026·8	1,896·5	16,923·3	5,490·0	11,433·3	211·3
1952	14,695·4	2,562·3	17,257·7	6,072·4	11,185·3	248·0
1953	14,810·5	3,108·0	17,918·5	6,756·8	11,161·7	23·5
1954	14,576·2	3,347·0	17,923·2	6,807·3	11,115·9	45·8
1955 (Estimated)	14,487·8	3,456·3	17,944·1	6,679·9	11,264·2	−148·3

Unmatured Funded Debt

It is estimated that the unmatured funded debt of Canada totalled $14,488 million at March 31, 1955. This is $88 million less than at the close of the previous fiscal year and $1,470 million less than at March 31, 1948. However, during the same eight year period while interest charges declined by approximately 6 per cent from $432 million in 1947-48 to $406 million in 1954-55 the gross national product rose from $13,768 million in 1947 to $23,985 million in 1954, an increase of approximately 74 per cent. Consequently, the relative burden of the funded debt, measured in terms of interest charges as a percentage of the gross national product, declined from 3·1 per cent in 1947-48 to 1·7 per cent in 1954-55.

Summary of Security Issues and Redemptions during the year

During the fiscal year 1954-55 the Government issued securities payable in Canadian dollars in the principal amount of $4,607 million (excluding the refunding of treasury bills which mature periodically) and redeemed maturing issues in the amount of $4,695 million, all of which was payable in Canadian dollars. There were no issues or redemptions in foreign currencies.

The redemption of the Third and Fourth Victory Loans, which together were outstanding in the amount of $1,967 million, involved the two largest refunding operations in Canadian financial history. Net sales of $767 million of Canada Savings Bonds Series 9, while lower than those of Series 8 by nearly $100 million, were nonetheless the second highest ever recorded for issues of this type.

The amount of treasury bills outstanding at the end of the fiscal year was $890 million, $240 million greater than on March 31, 1954. This amount was equally divided between three-month bills and nine-month bills. Since March 31, 1952 treasury bills outstanding have risen by $440 million, a growth which reflects in part the Government's increasing interest in developing an active Canadian market for short-term securities.

The financing of redemptions was effected as follows:

(in millions of dollars)

By proceeds of new issues:		
Canada Savings Bonds Series 9 (net)	766·5	
Three month, Twenty-Three day Loan	200·0	
Increase in Treasury Bills	240·0	
		1,206·5
By refunding or conversion into new issues		3,400·0
By available cash (payable in Canada)		88·3
		4,694·8

As a result of these transactions the net decrease in funded debt is estimated at $88 million.

Interest Rates

The average interest rate on the Government's outstanding unmatured funded debt as at March 31, 1955 was 2·74 per cent a slight decrease from the rate of 2·86 per cent at the end of the previous fiscal year. This is the first decrease recorded since the fiscal year 1949-50, when the rate was 2·60 per cent.

Interest rates generally fell sharply during the year. The last public issue during the year with a term of more than 10 years, the Canada Savings Bonds Series 9, was sold to yield 3·25 per cent, while the yield on a similar issue in the previous fiscal year was 3·75 per cent.

Treasury bill yields also declined noticeably. On the three-month bills the average yield on the issue sold March 25, 1955 was 1·130 per cent against 1·585 per cent for the last issue sold in the previous fiscal year. The average yield on the issue of nine-month bills made March 25, 1955 was 1·342 per cent compared to 1·903 per cent for the last issue sold in the fiscal year 1953-54.

AVERAGE INTEREST RATE ON FUNDED DEBT



Details of redemptions and new issues of securities during the fiscal year are set out in the following tables.

TABLE XLIII

REDEMPTION OF FUNDED DEBT DURING FISCAL YEAR ENDED MARCH 31, 1955

Maturity Date	Interest Rate	Where Payable	Amount
May 1, 1954	2¼	Canada	200,000,000
July 1, 1954	2	Canada	100,000,000
September 1, 1954	2	Canada	550,000,000
November 1, 1954	1¾	Canada	200,000,000
November 15, 1954	1½	Canada	200,000,000
December 15, 1954	2	Canada	150,000,000
December 15, 1954	2	Canada	395,000,000
March 1, 1955	1½	Canada	550,000,000
November 1, 1956(1)	3	Canada	855,607,410
May 1, 1957(2)	3	Canada	1,111,261,650
June 1, 1958(3)	3	Canada	88,200,000
Canada Savings Bonds Series 1-8	2¾–3¾	Canada	294,700,000
Total Redemption of Debt	.....	.....	4,694,769,060

(1) Third Victory Loan—called for redemption June 1, 1954.
(2) Fourth Victory Loan—called for redemption October 1, 1954.
(3) Called for redemption December 1, 1954.

TABLE XLIV

NEW SECURITY ISSUES DURING FISCAL YEAR ENDED MARCH 31, 1955

—	Issue Date	Maturity Date	Interest Rate	Price to Government	Yield at Price to Government	Total Amount Issued	Renewals or Reconversion Included in Amount Issued	Amount Issued for Cash
			%		%	$	$	$
Issued to Bank of Canada—								
Six Months Treasury Notes	May 1, 1954	Nov. 1, 1954	1¾	100·00	1·75	200,000,000	200,000,000	
Loan, Three Months, Twenty-Three Days	July 23, 1954	Nov. 15, 1954	1½	99·97	1·59	50,000,000		50,000,000
Six Months Treasury Notes	Sept. 1, 1954	Mar. 1, 1955	1½	100·00	1·50	550,000,000	550,000,000	
Six Months Treasury Notes	Nov. 1, 1954	May 2, 1955	1⅜	100·00	1·375	200,000,000	200,000,000	
Two Month Treasury Notes	Mar. 1, 1955	May 2, 1955	1⅛	100·00	1·125	500,000,000	500,000,000	
						1,500,000,000	1,450,000,000	50,000,000
Issued to Chartered Banks—								
Loan, Three Months, Twenty-Three Days	July 23, 1954	Nov. 15, 1954	1½	99·97	1·59	150,000,000	.....	150,000,000
Issued to General Public—								
Loan, Two Years, Six and One-Half Months	June 1, 1954	Dec. 15, 1956	2¼	99·50	2·46	550,000,000	550,000,000	
Loan, Twenty-Two Years	June 1, 1954	June 1, 1976	3¼	98·25	3·36	300,000,000	300,000,000	
Loan, Three Years	Oct. 1, 1954	Oct. 1, 1957	2	99·50	2·17	700,000,000	700,000,000	
Loan, Twenty-Five Years	Oct. 1, 1954	Oct. 1, 1979	3¼	99·25	3·29	400,000,000	400,000,000	
Canada Savings Bonds Series IX Net	Nov. 1, 1954	Nov. 1, 1966	3¼	99·25	3·33	766,500,000	.....	766,500,000
Increase in Treasury Bills	Various	Various	Various	Various	Various	240,000,000	.....	240,000,000
						2,956,500,000	1,950,000,000	1,006,500,000
GRAND TOTAL	.....	.....	.....	.....	.....	4,606,500,000	3,400,000,000	1,206,500,000

Contingent Liabilities

In addition to the direct debt set out in the statement of assets and liabilities, the Government has certain contingent liabilities. These consist of securities issued by various Government owned enterprises (such as the Canadian National Railways), guaranteed as to principal and interest or as to interest only, and a number of other miscellaneous guarantees, the chief of which are the guarantee of deposits maintained by the chartered banks in the Bank of Canada, insured loans made by chartered banks and other approved lending institutions under the National Housing Act, 1954, and bank advances to the Canadian Wheat Board; the guarantees of certain loans made by chartered banks to veterans or farmers for certain authorized purposes; guarantees under The Export Credits Insurance Act and certain commitments under housing legislation.

The following tables give details of the bonds and debenture stocks guaranteed by the Government, and also indicate the nature and approximate extent of the Government's other guarantees and contingent liabilities. The most significant change during the fiscal year was the sale of $250,000,000 2¾ per cent guaranteed bonds of the Canadian National Railway Company. The proceeds were used to repay interest-bearing capital advances from the Government of Canada and for capital expenditures of the Company.

TABLE XLV

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE GOVERNMENT AS AT MARCH 31, 1955

Date of Maturity	Issue	Interest Rate	Estimated Amount Outstanding
		%	$
June 15, 1955	Canadian National	4¾	48,496,000
Feb. 1, 1956	Canadian National	4½	67,368,000
July 1, 1957	Canadian National	4½	64,136,000
July 20, 1958	Canadian Northern	3½	5,636,506
Jan. 15, 1959	Canadian National	3	35,000,000
May 4, 1960	Canadian Northern Alberta	3½	550,727
May 19, 1961	Canadian Northern Ontario	3½	3,597,518
Jan. 1, 1962	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962	Grand Trunk Pacific	4	7,999,074
Feb. 1, 1963	Canadian National	2¾	250,000,000
Jan. 3, 1966	Canadian National	3	35,000,000
Jan. 2, 1967	Canadian National	2¾	50,000,000
Sept. 15, 1969	Canadian National	2⅞	70,000,000
Jan. 16, 1971	Canadian National	2⅞	40,000,000
Feb. 1, 1974	Canadian National	3¾	200,000,000
June 15, 1975	Canadian National	2¾	6,000,000
Perpetual	Grand Trunk Debenture Stock	5	98,706
Perpetual	Great Western Debenture Stock	5	3,407
Perpetual	Grand Trunk Debenture Stock	4	71,817
			$910,422,885

TABLE XLVI

Other Outstanding Guarantees and Contingent Liabilities

	Estimated Amount Outstanding
Deposits maintained by the chartered banks in the Bank of Canada (February 28, 1955)	$ 503,841,332
Province of Manitoba Treasury Bill (March 31, 1955)	750,000
Loans made by chartered banks under the Farm Improvement Loans Act (December 31, 1954)	35,804,794
Loans made by chartered banks under the Veterans' Business and Professional Loans Act (December 31, 1954)	2,225,796
Guarantees under Part II of the Export Credits Insurance Act (March 31, 1955)	7,650,000
Loans made by approved lending institutions under Dominion and National Housing Acts (December 31, 1954)	Indeterminate
Guarantees of land assembly projects under National Housing Act (December 31, 1954)	Nil
Loans insured under the National Housing Act, 1954 (December 31, 1954)	121,571,940
Loans made by approved lending institutions under Part IV of the National Housing Act, 1944, for home extensions or improvements (December 31, 1954)	7,483
Loans made by chartered banks under The Prairie Producers' Interim Financing Act, 1951 (February 28, 1955)	3,450
Loans made by chartered banks to Canadian Wheat Board (February 28, 1955)	95,899,203

7. SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

LOANS AND ADVANCES AND INVESTMENTS

UNMATURED FUNDED DEBT

50433—181½

The Budget—Appendix

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(thousands of dollars)

—	1950-51	1951-52	1952-53	1953-54	Estimated 1954-55
	$	$	$	$	$
TAX REVENUES—					
Income tax—					
Personal[1]	652,329	975,676	1,180,026	1,187,656	1,176,000
Corporations[1]	799,197	1,130,680	1,240,090	1,191,187	1,008,000
On dividends, interest, rents and royalties, going abroad	61,610	55,017	53,674	53,761	61,000
Excess profits tax	10,141	2,365	.....	.....	.....
Succession duties	33,599	38,208	38,071	39,138	42,000
Customs duties	295,722	346,365	389,442	407,312	393,000
Excise duties—					
Spirits, malt and beer	129,390	120,851	127,684	133,036	131,000
Cigarettes, tobacco and cigars	114,486	100,711	116,914	96,970	99,000
Licences	38	36	38	37	37
Less refunds	−2,868	−3,658	−3,276	−3,311	−3,037
	241,046	*217,940*	*241,360*	*226,732*	*227,000*
Excise taxes—					
Sales tax [1][2]	470,627	587,194	566,233	587,332	576,000
Other excise taxes—					
Automobiles, tires and tubes	70,841	100,904	89,883	106,097	84,000
Beverages (soft drinks)	7,212	19,230	12,481	11,691	8,200
Candy and chewing gum	10,880	11,531	12,391	12,813	10,000
Cigarette papers and tubes	7,734	423	.....	.....	.....
Cigarettes, tobacco and cigars	85,199	106,354	102,645	113,161	114,000
Electrical appliances	2,080	4,893	4,305	5,101	400
Furs	4,509	4,793	5,710	3,751	100
Jewellery, watches, ornaments etc.	6,459	9,714	7,488	7,256	4,800
Matches and lighters	1,161	1,855	1,394	1,370	1,000
Stamps on cheques, money orders, etc	10,945	11,346	10,561	.....	.....
Stoves, washing machines and refrigerators	.....	10,923	1,546	.....	.....
Television sets, radios, tubes and phonographs	5,548	8,252	10,706	16,771	21,900
Toilet preparations	4,551	8,467	7,195	7,103	5,500
Trunks, bags, luggage, etc	2,604	3,969	3,603	3,478	500
Wines	2,225	2,167	2,216	2,231	2,300
Sundry commodities	4,327	7,173	5,964	6,443	2,200
Licences, interest and miscellaneous	372	463	461	396	400
Less refunds	−10,506	−13,723	−2,892	−1,637	−1,000
	216,141	*298,734*	*275,657*	*296,025*	*254,300*
Tax on insurance premiums	4,228	4,753	12,361	13,756	14,600
Miscellaneous tax revenue	710	843	679	686	900
	2,785,350	*3,657,775*	*3,997,593*	*4,003,585*	*3,752,800*
NON-TAX REVENUES—					
Return on investments	89,529	117,622	116,906	151,858	133,700
Premium discount and exchange	17,562	17,697	1,467	838	.....
Post Office—net postal revenue	90,443	104,610	111,905	110,953	130,140
Bullion and coinage	4,708	4,838	4,386	4,241	1,483
Other	31,106	37,205	45,471	50,297	55,285
	233,348	*281,972*	*280,135*	*318,187*	*320,608*
SPECIAL RECEIPTS AND CREDITS—					
Central Mortgage and Housing Corporation—					
Profits paid to Receiver General	2,862	3,144	2,054	[3]	[3]
Proceeds and depreciation reserve with respect to the sale of wartime housing properties	4,351	9,843	6,701	5,234	4,545
Refundable portion of income tax and excess profits tax—Transfer to revenue of excess reserves set up in previous years	25,000	7,367	.....	.....	.....
Transfer to revenue of provincial 5 per cent corporation income tax suspense account pursuant to the 1952 tax rental agreements	.....	.....	45,000	46,786	.....
Proceeds from the sale of Crown assets	19,613	14,712	7,638	17,222	24,657
Transfer to revenue of Canadian Wheat Board suspense account	.....	.....	6,325	.....	.....

The Budget—Appendix

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(thousands of dollars)

—	1950-51	1951-52	1952-53	1953-54	Estimated 1954-55
	$	$	$	$	$
SPECIAL RECEIPTS AND CREDITS—*Concluded*					
Surplus of Canadian Arsenals, Limited	.....	.....	6,114	(3)	(3)
Write-up to active assets—Atomic Energy of Canada, Limited	.....	.....	4,794	.....	1,437
Miscellaneous special receipts	42,012	6,096	4,469	5,306	3,089
	93,838	*41,162*	*83,095*	*74,548*	*83,728*
TOTAL REVENUE	3,112,536	3,980,909	4,360,823	4,396,320	4,107,136

(1) Excluding tax credited to old age security fund—

	1951-52	1952-53	1953-54	Estimated 1954-55
2% personal income tax	100	45,250	90,700	101,000
2% corporation income tax	2,000	36,850	55,600	46,000
2% sales tax	24,298	141,558	146,833	144,000

(2) The total for 1950–51 represents gross collections; for 1951–52, gross collections less transfer to the old age security fund, and in subsequent years the totals are net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

(3) Included in Return on Investments.

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(thousands of dollars)

—	1950-51	1951-52	1952-53	1953-54	Estimated 1954-55
	$	$	$	$	$
Agriculture—					
Administration and general	692	733	824	852	987
Science service	6,685	6,992	8,136	8,969	9,367
Experimental farms service	7,140	7,729	8,272	8,574	9,888
Production service	9,182	9,335	9,337	9,555	10,324
Marketing service	4,936	4,555	4,780	4,212	9,532
Rehabilitation and reclamation projects	13,212	11,813	13,852	14,683	13,067
Freight assistance on western feed grains	15,638	14,999	20,661	16,999	19,000
Premium on hog carcasses suitable for export to United Kingdom	5,100	5,374	6,405	4,679	5,034
Advances to prairie farm emergency fund	4,304	.....	.....	.....	.....
Payment to Canadian Wheat Board for distribution to producers	65,000	.....	.....	.....	.....
Net operating loss—Agricultural prices support account	3,485	1,743	32,533	37,759	3,211
Other expenditure	7,411	3,861	1,911	2,079	2,925
	142,785	*67,134*	*106,711*	*108,361*	*83,335*
Auditor General's Office	574	601	576	615	676
Canadian Broadcasting Corporation	2,405	8,301	8,235	8,259	8,479
Payment from the consolidated revenue fund of amounts equal to taxes collected under the Excise Tax Act in respect of radio and television sets and equipment	.....	.....	.....	16,737	21,800
				24,996	*30,279*
Office of the Chief Electoral Officer	278	368	465	5,527	292
Citizenship and Immigration—					
Administration and general	531	1,114	1,399	1,657	1,651
Immigration branch	5,578	8,073	7,063	7,313	8,420
Indian Affairs branch	14,564	14,054	15,184	16,511	18,043
	20,673	*23,241*	*23,646*	*25,481*	*28,114*
Civil Service Commission	1,580	1,692	1,910	2,051	2,370
Defence Production—					
Administration and general	.....	8,284	9,738	10,074	9,418
Capital assistance to defence industry	.....	22,695	79,079	37,825	10,137
		30,979	*88,817*	*47,899*	*19,555*
External Affairs	7,654	8,225	9,146	10,249	12,285
Membership in commonwealth and international organizations	2,962	2,724	3,477	3,522	4,332
Assistance to other countries and international organizations	11,464	26,634	26,628	31,948	27,483
	22,080	*37,583*	*39,251*	*45,719*	*44,100*
Finance—					
Departmental administration and general	7,354	8,361	9,425	9,402	9,524
Office of the Comptroller of the Treasury	11,345	12,554	13,310	13,713	15,045
Interest on public debt	425,217	432,423	451,340	476,062	478,188
Additional amount required to place interest on public debt on accrual basis	.....	87,510	.....	.....	.....
Cost of issuing new loans and annual amortization of bond discounts and commissions	13,354	10,717	13,072	19,062	23,728
Servicing of public debt	449	385	508	604	760
Subsidies to provinces	18,735	20,108	20,108	20,108	20,353
Compensation to provinces—					
Tax rental agreements, 1947 Act	94,123	96,868	23,795	1	.....
Tax rental agreements, 1952 Act	.....	.....	284,778	309,227	327,445
Transfer of certain public utility tax receipts, under tax rental agreements	4,565	3,732	4,370	6,831	6,750
Transitional grant to Newfoundland	6,500	6,500	5,650	4,800	3,950
Government contributions with respect to the superannuation account—general	6,831	12,911	13,802	16,451	37,382
—special	75,000	98,000	25,000	38,000	.....
Grants to universities	.....	6,993	5,115	5,244	5,390
Implementation of guarantees (Ming Sung Industrial Co. Ltd.)	.....	1,346	1,695	1,563	1,524

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(thousands of dollars)

—	1950-51	1951-52	1952-53	1953-54	Estimated 1954-55
	$	$	$	$	$
Finance—*Concluded*					
Premium discount and exchange	.....	.....	.....	.....	1,015
Wartime Prices and Trade Board					
Administration	1,599	155	.....	.....	.....
Commodity prices stabilization corporation limited	.....	50	.....	308	64
Grant *re* Red River Valley flood	12,500	.....	.....	.....	.....
Relief *re* hurricane *Hazel*	.....	.....	.....	.....	1,000
Provision for reserve for possible losses on ultimate realization of active assets	75,000	75,000	75,000	50,000	.....
	752,572	*873,613*	*946,968*	*971,376*	*932,118*
Fisheries	8,964	8,733	10,777	9,255	11,218
Governor General and Lieutenant Governors	244	275	397	399	403
Insurance	344	377	414	431	477
Justice	4,609	5,103	5,606	5,822	6,039
Office of the Commissioner of Penitentiaries	7,798	8,936	9,303	9,195	10,879
	12,407	*14,039*	*14,909*	*15,017*	*16,918*
Labour	9,030	9,503	10,088	9,524	9,272
Government annuities—amount required to maintain reserve	660	940	744	99	500
Unemployment Insurance Act, 1940—					
Administration and general	26,805	23,919	25,051	26,116	28,499
Government contribution	26,133	29,940	31,139	31,822	31,679
	62,628	*64,302*	*67,022*	*67,561*	*69,950*
Legislation—					
House of Commons	3,332	4,302	4,528	4,053	4,823
Library of Parliament	137	153	231	282	291
Senate	976	1,227	1,103	995	1,299
General	266	263	295	270	290
	4,711	*5,945*	*6,157*	*5,600*	*6,703*
Mines and Technical Surveys	10,442	10,779	12,027	13,047	15,859
Dominion Coal Board	3,561	5,132	6,484	10,339	11,299
Emergency gold mining assistance	7,114	11,841	11,147	15,151	15,300
	21,117	*27,752*	*29,658*	*38,537*	*42,458*
National Defence—					
General	901	277	295	320	360
Defence forces, army, navy and air services	545,738	1,217,579	1,557,660	1,424,245	1,326,440
Mutual aid to NATO countries	195,417	126,416	235,053	289,708	257,448
Defence research and development	23,415	35,394	42,989	40,807	44,362
Pensions—					
Payments under defence services pension act	5,011	5,096	5,110	5,100	5,156
Government contribution to permanent services pension account	11,975	30,712	30,009	35,214	36,732
Contribution towards military costs of NATO	.....	.....	11,302	10,521	6,842
	782,457	*1,415,474*	*1,882,418*	*1,805,915*	*1,677,840*
National Film Board	2,308	2,662	2,920	2,998	3,431
National Health and Welfare	17,344	21,098	22,935	28,034	30,368
General health grants	18,875	24,322	27,333	29,184	31,725
Family allowances	309,465	320,458	334,198	350,114	366,501
Old age pensions including pensions to blind persons	103,169	80,206	.....	.....	.....
Old age assistance, blind and disabled persons allowances	.....	2,999	22,099	23,202	24,490
Deficit—Old age security fund	.....	49,669	.....	.....	.....
	448,853	*498,752*	*406,565*	*430,534*	*453,084*
National Research Council and Atomic Energy Control Board	18,014	25,080	28,343	28,100	30,742
National Revenue including taxation division	46,056	45,763	47,313	49,938	55,196
Northern Affairs and National Resources	20,764	17,423	19,500	19,242	20,362
Post Office	91,781	97,973	105,553	113,582	124,540
Privy Council including Prime Minister's Office	4,362	4,097	3,767	3,733	3,855
Public Archives and National Library	206	251	307	347	423

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(thousands of dollars)

—	1950-51	1951-52	1952-53	1953-54	Estimated 1954-55
	$	$	$	$	$
Public Printing and Stationery	706	1,103	1,607	2,037	2,055
Public Works	74,483	79,086	83,941	101,515	118,000
Trans-Canada highway contributions	7,205	12,792	13,953	13,379	20,000
	81,688	*91,878*	*97,894*	*114,894*	*138,000*
Royal Canadian Mounted Police	19,801	27,341	31,141	33,845	36,030
Secretary of State	2,065	2,399	2,201	3,278	2,643
Trade and Commerce	23,443	21,817	16,503	16,526	17,732
Deficits incurred by the Canadian Wheat Board covering operations for government account	2,536	.....	.....	.....	.....
Deficit—Trans Canada Air Lines	1,325	.....	.....	.....	.....
	27,304	*21,817*	*16,503*	*16,526*	*17,732*
Transport—					
Administration and general	2,534	3,195	3,171	4,216	4,698
Canals service	8,284	7,975	9,905	8,400	8,006
Marine service	17,187	17,465	21,679	20,259	21,912
Railway service	1,981	2,306	10,562	20,352	26,566
Maritime freight rates act	8,475	10,030	10,130	10,481	10,696
Air services	33,553	36,298	39,171	41,367	45,504
Canadian Maritime Commission	5,899	4,461	3,984	4,202	4,303
Deficits—					
Canadian National Railway	3,261	15,032	.....	.....	28,758
Canadian National (West Indies) Steamships Limited	1,029	467	4	650	628
Prince Edward Island car ferry and terminals	1,267	1,365	1,520	1,603	1,514
North Sydney-Port aux Basques ferry and terminals	.....	.....	1,846	2,236	2,242
National Harbours Board	188	55	57	.....	.....
Non-Active assets—					
National Harbours Board	1,465	1,252	1,877	4,247	3,931
	85,123	*99,901*	*103,906*	*118,013*	*158,758*
Veterans Affairs—					
Administration and general	2,385	2,513	3,627	2,256	2,283
Pensions	95,577	103,703	127,053	127,580	128,930
Treatment and after care of returned soldiers and allowances to dependents	71,646	76,097	78,541	79,470	82,702
Hospital accommodation, additions, alterations and improvements	3,008	3,758	3,990	4,151	3,985
Post discharge rehabilitation benefits	13,502	6,594	3,790	2,518	2,575
War service gratuities and re-establishment credits	16,868	9,826	10,737	8,916	6,167
Soldier settlement and veterans land acts	6,296	5,935	5,645	5,353	6,698
Provision for reserve for conditional benefits under veterans land act	7,110	7,600	8,042	8,471	8,890
	216,392	*216,026*	*241,425*	*238,715*	*242,230*
TOTAL EXPENDITURE	2,901,242	3,732,875	4,337,276	4,350,522	4,255,387

ANNUAL CHANGES IN ACTIVE LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(thousands of dollars)

—	Fiscal Year Ended March 31				
	1951	1952	1953	1954	Estimated 1955
	$	$	$	$	$
Working Capital Advances to Crown Corporations					
Canadian Arsenals, Ltd.	2,500	.....	.....	.....	.....
Canadian Commercial Corporation	.....	6,500	.....	.....	.....
Canadian Patents and Development Ltd	.....	Cr. 296	.....	.....	.....
Commodity Prices Stabilization Corporation	Cr. 1,500	Cr. 50	.....	Cr. 1,215	.....
Crown Assets Disposal Corporation	.....	Cr. 45	.....	.....	Cr. 212
	1,000	6,109	.....	Cr. 1,215	Cr. 212
Loans to, and Investments in, Crown Agencies					
Atomic Energy of Canada, Limited	.....	.....	8,802	7,197	16,437
Central Mortgage and Housing Corporation—					
Loans	79,389	73,624	72,561	98,815	49,500
Canadian Broadcasting Corporation	650	850	2,000	4,750	3,000
Canadian Farm Loan Board	1,900	1,300	1,600	3,700	4,150
Canadian National Railways	19,888	139,998	141,822	Cr. 18,092	Cr. 93,210
Canadian National (West Indies) Steamships Limited	300	Cr. 150	.....	.....	3,600
National Harbours Board	1,004	227	Cr. 127	Cr. 631	1,064
Polymer Corporation Limited	Cr. 1,886	Cr. 3,000	Cr. 1,000	Cr. 3,000	Cr. 4,000
St. Lawrence Seaway Authority	.....	.....	.....	.....	1,300
Other Crown Agencies	1,046	2,608	6,812	Cr. 2,845	Cr. 100
	102,291	215,457	232,470	89,894	Cr. 18,259
Other Loans and Investments					
Provincial and Municipal Governments	Cr. 3,180	Cr. 4,129	Cr. 3,782	Cr. 3,669	Cr. 3,792
United Kingdom and other Governments—					
United Kingdom—Loan under the War Appropriation (U.K. Financing) Act, 1942	Cr. 40,567	Cr. 31,092	Cr. 24,282	Cr. 53,616	Cr. 30,000
United Kingdom Financial Agreement Act, 1946	20,000	Cr. 14,010	Cr. 14,290	Cr. 14,576	Cr. 14,868
Export Credits Insurance Act	Cr. 22,935	Cr. 20,657	Cr. 20,599	Cr. 19,439	Cr. 23,613
Other	144	5,461	Cr. 1,602	Cr. 4,915	Cr. 3,145
Canada's subscription to capital of—					
International Monetary Fund	.....	.....	.....	.....	Cr. 29,107
International Bank for Reconstruction and Development	.....	170	.....	.....	.....
Miscellaneous—					
Loans to veterans under the Soldier Settlement and Veterans' Land Acts	7,515	1,521	Cr. 1,259	Cr. 650	582
Balances receivable under agreements of sale of Crown assets	Cr. 1,043	Cr. 936	900	8,503	Cr. 3,110
Other miscellaneous loans	Cr. 54	2,957	Cr. 256	159	720
	Cr. 40,120	Cr. 60,715	Cr. 65,170	Cr. 88,203	Cr. 106,333
Sinking fund and other investments held for retirement of unmatured debt	5,499	3,201	1,722	74,226	85,400
Net total of changes in loans and investments	68,670	164,052	169,022	74,702	Cr. 39,404

The Budget—Appendix

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1955 AND THE ANNUAL INTEREST PAYABLE THEREON

Date of maturity	Rate per cent	Where payable	Amount of loan	Annual interest charge
			$ cts.	$ cts.
1955, May 2	1⅜	Canada	200,000,000 00	2,750,000 00
May 2	1¼	Canada	500,000,000 00	5,625,000 00
July 1	2¼	Canada	200,000,000 00	4,500,000 00
July 1	2¼	Canada	400,000,000 00	9,000,000 00
December 15	2¼	Canada	550,000,000 00	12,375,000 00
1956, July 1	2¼	Canada	400,000,000 00	9,000,000 00
November 1	2¾	Canada	*70,000,000 00	1,925,000 00
1957, October 1	2	Canada	700,000,000 00	14,000,000 00
November 1	2¾	Canada	*37,300,000 00	1,025,750 00
1958, May 1	3	Canada	300,000,000 00	9,000,000 00
November 1	2¾	Canada	*34,500,000 00	948,750 00
1959, January 1	3	Canada	1,197,324,750 00	35,919,742 50
November 1	2¾	Canada	*50,700,000 00	1,394,250 00
1960, June 1	3	Canada	1,165,300,350 00	34,959,010 50
November 1	2¾	Canada	*46,500,000 00	1,278,750 00
1961, January 15	3¼	New York	(1) 47,040,000 00	1,528,800 00
1962, February 1	3	Canada	1,315,639,200 00	39,469,176 00
August 1	3½	Canada	*150,000,000 00	5,250,000 00
1963, July 1	3¼	London	(2) 1,950,100 06	63,378 25
July 1	3	London	(2) 49,121,189 12	1,473,635 67
August 1	3	New York	(1)147,000,000 00	4,410,000 00
August 1	3¾	Canada	*168,600,000 00	6,322,500 00
October 1	3	Canada	1,295,819,350 00	38,874,580 50
1965, November 1	3¾	Canada	*706,000,000 00	26,475,000 00
1966, June 1	3¼	Canada	54,703,000 00	1,777,847 50
September 1	3	Canada	1,691,796,700 00	50,753,901 00
November 1	3¼	Canada	*766,500,000 00	24,911,250 00
1968, June 15	2¾	Canada	350,000,000 00	9,625,000 00
1974, September 1	2¾	New York	(1) 98,000,000 00	2,695,000 00
1975, September 15	2¾	New York	(1) 49,000,000 00	1,347,500 00
1976, June 1	3¼	Canada	300,000,000 00	9,750,000 00
1978, January 15	3¾	Canada	100,000,000 00	3,750,000 00
1979, October 1	3¼	Canada	400,000,000 00	13,000,000 00
Perpetuals	3	Canada	55,000,000 00	1,650,000 00
Various, three months treasury bills	(3)1·130	Canada	445,000,000 00	5,028,500 00
Various, nine months treasury bills	(3) 1·342	Canada	445,000,000 00	5,971,900 00
			14,487,794,639 18	397,829,221 92
Payable in Canada			14,095,683,350 00	386,310,908 00
Payable in London			51,071,289 18	1,537,013 92
Payable in New York			341,040,000 00	9,981,300 00
			14,487,794,639 18	397,829,221 92

* Estimated.

(1) Conversion rate estimated at $0.98 Can. to the U.S. dollar

(2) Conversion rate estimated at $2.76 to the pound sterling.

(3) Rate of discount on bills sold March 25, 1955.

HOUSE OF COMMONS

Wednesday, April 6, 1955

The house met at 2.30 p.m.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 308, for the relief of Isidore Tremblay.—Mr. Hunter.

Bill No. 309, for the relief of Doris Lydia Kimber Keller.—Mr. Hunter.

Bill No. 310, for the relief of Letitia MacDonald Lanz.—Mr. Hunter.

Bill No. 311, for the relief of Kurth Sauer.—Mr. Hunter.

Bill No. 312, for the relief of Marie Blanche Dionne Krysko.—Mr. Hunter.

Bill No. 313, for the relief of Edna Florence Helen Dawson Smith.—Mr. Hunter.

Bill No. 314, for the relief of Eldora Mary Mills Pope.—Mr. Hunter.

Bill No. 315, for the relief of Roberta Margaret Gilpin Chadsey.—Mr. Hunter.

Bill No. 316, for the relief of Anne Wahl Ryshpan.—Mr. Hunter.

Bill No. 317, for the relief of Marian Toba Wolfe Cohen.—Mr. Hunter.

Bill No. 318, for the relief of Bernice Elizabeth Lunan Day.—Mr. Hunter.

Bill No. 319, for the relief of Ross Harold Becker.—Mr. Hunter.

Bill No. 320, for the relief of Marie Anna Migneault Cloutier.—Mr. Hunter.

Bill No. 321, for the relief of Maria Camko Kowalew.—Mr. Hunter.

Bill No. 322, for the relief of Martin Yvon Blais.—Mr. Hunter.

Bill No. 323, for the relief of Margaret Moffatt Wilkie Johnson.—Mr. Hunter.

Bill No. 324, for the relief of Winnifred Herbert Chapman.—Mr. Hunter.

Bill No. 325, for the relief of Rocco Aldo Amaedeo Mastrocola.—Mr. Hunter.

Bill No. 326, for the relief of Marie Mae Seguin Le Moyne.—Mr. Hunter.

Bill No. 327, for the relief of Amy Joyce Markham King.—Mr. Hunter.

QUESTIONS

ATOMIC ENERGY—PROVINCIAL AND PRIVATE PARTICIPATION

Mr. Bell:

1. Has the federal government requested in any manner an expression of intention from the provinces regarding participation by them in the development of atomic energy for power?
2. If so, when and in what manner?
3. Have any provinces replied to same or made other representation to the federal government in connection with this said development of atomic energy for power?
4. If so, which provinces, and when?
5. What is the present basis for such negotiations?
6. Are both privately-owned power companies and the provincial power commissions being considered?
7. Have offers to participate been received by the federal government from private companies?
8. If so, by whom and when?
9. What decisions have been taken to date?

Mr. Dickey:

1. Yes.

2. See statement by the Right Hon. C. D. Howe, March 24, 1955 (*Hansard*, pages 2329-2330).

3. See answer to No. 2.

4. Hydro-Electric Power Commission of Ontario; British Columbia Power Commission; Saskatchewan Power Corporation; Manitoba Hydro-Electric Board; New Brunswick Electric Power Commission; Nova Scotia Power Commission.

5. See answer to No. 2.

6. Yes.

7. Yes.

8. British Columbia Electric Company Limited; Calgary Power Commission; Shawinigan Power and Water Company Limited; Gatineau Power Company Limited; Power Corporation of Canada Limited; Aluminum Power Company Limited; Nova Scotia Light and Power Company; Seaboard Power Corporation Limited; Newfoundland Light and Power Company; Brazilian Traction and Power Company Limited; West Kootenay Power and Light Company; Maritime Electric Company Limited.

All since June, 1954.

9. See answer to No. 2.

TRANSPORT DEPARTMENT—VICKERS VISCOUNT PLANE

Mr. Dinsdale:

1. Has the Department of Transport placed an order for a Vickers Viscount aircraft?
2. If so, what is the cost of such an aircraft, and what functions will it perform?

Mr. Langlois (Gaspe):

1. Yes.

2. Under contract with Vickers of United Kingdom, £313,191. The Vickers Viscount is a turbine-engined aircraft of the type recently

introduced into service by Trans-Canada Air Lines. The department is responsible for the regulation of civil aviation and for air traffic control of both military and civil flying. The increasing use by the military and the introduction for civil purposes of turbine-engined aircraft gives rise to new problems which the department can meet only by obtaining direct experience in the flying of such aircraft.

The aircraft will be used by the department to obtain experience in this field and also to serve for calibration of aids to navigation; field inspection and development of airways and airports; tests with air traffic control; training of departmental personnel to deal with problems arising from new speeds, higher altitudes, flight control, operation and maintenance of aircraft of this type; and for general transportation purposes.

AIRDROMES

Mr. MacLean:

What airdromes in Canada, used by scheduled air lines for scheduled stops, are operated by (a) the Department of Transport; (b) the Department of National Defence; (c) municipalities or other bodies?

Mr. Langlois (Gaspe):

Airports in Canada used by scheduled air lines as scheduled stops*:

Department of Transport—Charlottetown, P.E.I.; Penticton, B.C.; Fort Resolution, N.W.T.; Quebec, P.Q.; Lakehead, Ont.; Saskatoon, Sask.; Hay River, N.W.T.; Swift Current, Sask.; Lethbridge, Alta.; Toronto (Malton), Ont.; Montreal, Que.; Winnipeg, Man.; Norman Wells, N.W.T.; Yellowknife, N.W.T.; North Bay, Ont.; Fort St. John, B.C.; Providence, N.W.T.; Fort Smith, N.W.T.; Regina, Sask.; Grande Prairie, Alta.; Seven Islands, P.Q.; Kimberley, B.C.; The Pas, Man.; Moncton, N.B.; Windsor, Ont.; Muskoka, Ont.; Yarmouth, N.S.; Yorkton, Sask.; Fort McMurray, Alta.; Port Hardy, B.C.; Fort Simpson, N.W.T.; Quesnel, B.C.; Gander, Nfld.; Sandspit, B.C.; Kapuskasing, Ont.; Sydney, N.S.; London, Ont.; Victoria, B.C.; Mont Joli, Que.; Wrigley, N.W.T.; North Battleford, Sask.

Department of National Defence—Comox, B.C.; Val d'Or, P.Q.; Halifax, N.S.; Yorkton, Sask.; Summerside, P.E.I.; Goose, Nfld.; Whitehorse, Y.T.; Fort Nelson, B.C.; Watson Lake, Y.T.; St. John's, Nfld.

Municipalities—Baie Comeau, P.Q.; Moose Jaw, Sask.; Cranbrook, B.C.; Prince Albert, Sask.; Edmonton, Alta.; Saint John, N.B.; Fort Vermilion, Alta.; Trail, B.C.; Lloydminster, Sask.; Williams Lake, B.C.; Medicine Hat, Alta.; Castlegar, B.C.; Peace River, Alta.; Dawson Creek, B.C.; Rouyn (Noranda), Que.; Forestville, Que.; Timmins, Ont.; Kamloops, B.C.; Westview, B.C.; Calgary, Alta.; New Glasgow, N.S.; Dauphin, Man.; Rimouski, Que.; Flin Flon, Man.; Sudbury, Ont.; Fredericton, N.B.; Vancouver, B.C.; Matane, P.Q.

Other bodies—Brandon, Man.; City of Brandon flying club; Dawson City, Y.T., Government of Yukon Territory; Mayo, Y.T., Government of Yukon Territory; Red Lake, Ont., used by Central Northern Airways (under negotiation); Stephenville, Nfld., United States air force; Uranium City, Sask., Eldorado Mining and Refining.

*Note: *See corrected answer, pages 2896-97.*

NEVADA BOMB TESTS

Mr. Goode:

What are the true facts in regard to radioactive fall-out in connection with the Nevada bomb tests?

Mr. Martin: The facts in regard to radioactive fall-out as a result of the Nevada bomb tests were given in a report released by the United States atomic energy commission on February 15, 1955. These effects are described in paragraph 31 of the report which reads as follows:

"31. Only relatively small nuclear test explosions are conducted at the Nevada test site, in contrast to the tests of high yield thermonuclear devices at the Pacific proving grounds. In Nevada, as well as in the Pacific, all tests are planned for times when forecast weather conditions minimize the possibility of fall-out hazard. Methods of forecasting weather patterns in these areas are improving steadily. High air bursts at the Nevada testing grounds have produced no significant fall-out and heavy fall-out from near surface explosions has extended only a few miles from the point of burst. The hazard has been successfully confined to the controlled area of the test site. The highest actual dose of radiation at an off-site community has been estimated to be less than one-third of the greatest amount of radiation which atomic energy workers are permitted to receive each year under the atomic energy commission's conservative safety standards."

DENTAL CARE FOR CHILDREN, PRINCE EDWARD ISLAND

Mr. Kickham:

What assistance has been provided under the national health program towards the improvement of dental care for children in Prince Edward Island?

Mr. Martin:

Federal funds amounting to $92,426 have been provided since the inauguration of the national health program for the establishment of a division of dental health within the

provincial department of health and welfare to carry on the following activities:

(1) Two complete mobile dental units have been equipped and two dentists with dental assistants are being employed to operate these units.

(2) Dental clinics have been set up in the health centre in Summerside, and in Charlottetown.

(3) Dental hygienists are being employed to carry on an educational program in dental health in the rural schools of the province.

HOSPITAL CONSTRUCTION GRANT

Mr. Applewhaite:

What are the amounts available under the hospital construction grant for various types of hospital accommodation?

Mr. Martin:

The federal hospital construction grant provides assistance as follows:

1. $1,500 per bed for mental, tuberculosis, chronic and convalescent beds;

2. $1,000 per bed for active treatment beds;

3. $500 per bed for nurses' beds;

4. $1,000 for each 300 square feet of floor space devoted to those services that provide diagnostic and treatment services to outpatients as well as inpatients; and to combined laboratories;

5. $1,000 for each 300 square feet of acceptable floor area devoted to training facilities for health and hospital personnel.

COMMUNITY PLANNING ASSOCIATION

Mr. Diefenbaker:

1. Does the community planning association receive any financial grant or technical assistance of any kind from the Central Mortgage and Housing Corporation or any other agency or department of government?

2. If so, how much has been contributed in each of the years 1951 to 1954 inclusive?

3. Who are the officers of the said association?

Mr. Bourget:

1. The community planning association of Canada receives annual financial grants through the Central Mortgage and Housing Corporation under the terms of part V, section 32 (e) of the National Housing Act, 1954. The corporation does not provide any technical assistance. The association does not receive any financial aid or technical assistance from any other agency or department of the federal government.

2. Annual grants made to the association have been of two kinds: (a) Direct grant; (b) matching grant, a limited sum available on condition that the association itself raises half this amount from membership subscriptions, contributions from provinces and other sources.

In the years 1951 to 1954 the grants have been as follows:

1951	Direct	$40,000	
	Matching	$15,000	$55,000
1952	Direct	$47,500	
	Matching	$15,000	$62,500
1953	Direct	$47,500	
	Matching	$15,000	$62,500
1954	Direct	$47,500	
	Matching	$25,000	$72,500

3. The community planning association of Canada is governed by a council of 21 members, composed of two representatives elected annually by each of the ten provincial divisions of the association and one representative of Central Mortgage and Housing Corporation. At present the president is Sir Brian Dunfield, justice of the supreme court of Newfoundland. The members of the council are as follows: British Columbia, H. V. Jackson; P. R. U. Stratton. Alberta, B. Y. Card; G. R. Robins. Saskatchewan, Miss Jean Downing; Gordon R. Arnott. Manitoba, C. E. Joslyn; E. W. Thrift. Ontario, P. Alan Deacon; Dr. Albert Rose. Quebec, C.-E. Campeau; Jacques Simard. New Brunswick, E. A. Willis; Miss M. L. Lynch. Nova Scotia, J. P. Dumaresq; J. I. McVittie. Prince Edward Island, Dr. Henry Moyse; Dr. Frank MacKinnon. Newfoundland, Sir Brian Dunfield; Eric Cook. Central Mortgage and Housing Corporation, Humphrey Carver.

The director is Mr. Eric Beecroft and the secretary-treasurer is Miss J. M. Laventure.

TRANS-CANADA HIGHWAY—PAYMENTS

Mr. McIvor:

1. Has the federal government resumed payments to Ontario under the Trans-Canada Highway Act?

2. If so, when were such payments resumed?

3. How much has been paid to date?

4. How much has been paid since payments were resumed?

5. How much has been paid to date to all provincial governments who have signed the agreement?

Mr. Bourget:

1. Yes.

2. March 11, 1955.

3. As Canada's share, $17,186,600.20 to March 26, 1955.

4. $2,823,152.16.

5. Newfoundland — $5,086,072.19; Prince Edward Island—$1,097,615.10; Nova Scotia—$75,699.97; New Brunswick—$2,438,880.81; Ontario—$17,186,600.20; Manitoba—$5,419,558,82; Saskatchewan—$6,784,802.28; Alberta—$7,707,547.54; British Columbia—$14,238,020.34. Total to March 26, 1955—$60,034,797.25.

Inquiries of the Ministry

"PARLIAMENT AT WORK"

Mr. Diefenbaker:

1. How many man hours were expended in shooting and preparing the documentary production entitled "Parliament at Work"?
2. What is the estimated cost of the production, including a proportionate share of the annual salaries of the officials for the time engaged in its production?
3. When did the minister first become aware of the shooting of the film?
4. Did the minister order the production to be discontinued as unsuitable for presentation? If so, on what date?

Mr. Pickersgill:

1 and 2. The preparation of a documentary production on "Parliament at Work" was begun on February 15, 1955. Four hundred and seventy-nine man hours were expended on this project at an estimated cost, which includes everything used in computing government costs, of $3,430.65. Material photographed will not be scrapped but will be kept in the stock library for whatever use can be made of it in future.

3. The Minister of Citizenship and Immigration first became aware that this film was being prepared about mid-day of March 10, 1955.

4. The minister did not order the production to be discontinued at any time. He attended a viewing of the sequences in company with the Speaker and a number of other members on March 14, 1955, and indicated that one or two of the sequences did not seem very suitable for presentation in a film on parliament at work. The film board officials in charge of the project themselves came to the conclusion that the material they had available would not make a satisfactory picture and that the project should be suspended and the material kept available in case it was decided, at a later date, to make a film on parliament at work. The minister concurred in this decision.

QUESTION PASSED AS ORDER FOR RETURN

R.C.M.P., OTTAWA—SPACE OCCUPIED

Mr. Hodgson:

1. How many buildings, office space or locations are occupied by the Royal Canadian Mounted Police in Ottawa?
2. How many of these are owned by the government?
3. How many are held on a rental basis?
4. What is the amount of rent for each?

HEALTH INSURANCE

REFERENCE TO REMARKS OF MINISTER OF CITIZENSHIP AND IMMIGRATION

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. Was the minister trying to emulate the late Right Hon. Mr. Mackenzie King's famous five cent speech—

Some hon. Members: Question.

Mr. Hees: —in Kitchener the other evening when he said, and I quote—

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member is asking the type of question which certainly is not going to give him the kind of information for the supplying of which this period has been set aside. The hon. member would have to make his own deduction as to what the minister was trying to say when he made a certain speech. I would ask the hon. member to put his question as directly as possible without comments which are not allowed.

Mr. Hees: —when he said in Kitchener the other evening—

Some hon. Members: Order.

Mr. Hees: —that the province of Ontario could only receive a hospitalization plan if it changed the government in the province?

Mr. Speaker: Again I will have to ask the hon. member to put his question.

An hon. Member: He does not know.

Mr. Hees: Then I would ask what the minister meant when he said as quoted in the *Globe and Mail* that Ontario would only receive a hospitalization plan when there was a change of government in that province.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, I think I was perhaps the most astonished person in Canada when I read the remarks attributed to me in the *Globe and Mail*. I do not think I have ever said before that I was misquoted; I was not misquoted in this case, I was not quoted at all. I actually did say something like the following words—

An hon. Member: Something like this?

Some hon. Members: Oh, oh.

Mr. Pickersgill: I think the following words represent pretty accurately what I said, although it is not exactly word for word, as I did not have a text. I cannot vouch for the individual words exactly or say that they were precisely in this order, but the sense is exactly and precisely as follows.

Mr. Hees: Approximately so.

Mr. Pickersgill: What I said was this. Health is constitutionally a provincial matter but the policy of the federal Liberal party is to assist in provincially administered hospital insurance when the provinces generally are in

accord, and that could not happen until the Ontario government adopted a new attitude.

An hon. Member: Come clean now.

NATIONAL DEFENCE

CAMP ALDERSHOT—USE OF TRAINING FACILITIES

On the orders of the day:

Mr. S. R. Balcom (Halifax): I should like to direct a question to the parliamentary assistant to the Minister of National Defence. Will the parliamentary assistant indicate what long-term plans his department has for Camp Aldershot, Nova Scotia, and will he assure the house that the maximum use will be made of this excellent training site and facilities?

Mr. J. A. Blanchette (Parliamentary Assistant to the Minister of National Defence): I thank the hon. member for having given me notice of his intention to ask this question. When Camp Gagetown is completed, regular army units will not be stationed at Camp Aldershot except in the event of an emergency. A small permanent caretaking staff will remain at the camp. It is intended, however, that the camp will continue to be used for the training of units of the militia and the Royal Canadian army cadets.

FERRY SERVICE

YARMOUTH-BAR HARBOR—USE OF FERRY "BLUENOSE"

On the orders of the day:

Mr. T. A. M. Kirk (Shelburne-Yarmouth-Clare): I should like to direct a question to the Minister of Transport. Is the minister in a position to make a progress report on the *Bluenose,* indicating an approximate launching date as well as when she is now scheduled to start regular runs between Yarmouth and Bar Harbor?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, all I can say at the moment is that it is hoped it will be possible to launch this vessel toward the end of the month of May next in order to carry out trials during the month of June and in the early part of July. It is hoped it will be possible to put it into service by the end of July next.

SUPPLY

The house resumed, from Thursday, April 5, consideration of the motion of Mr. Harris for committee of supply.

LAW ENFORCEMENT

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, when the house rose at six o'clock last night we were discussing the question of whether or not I should quote directly from a newspaper story in connection with my remarks. Without in any way admitting the validity of the arguments that were introduced against that quotation, I am quite prepared to save the house time by paraphrasing the story as you suggested. In general this story indicates—

Mr. Speaker: May I interrupt the hon. member for one moment because of his remark that he does not admit the validity of the argument that was advanced. It is not a question of argument that was advanced; it is a ruling that was given and the hon. member must accept it unless he wishes to appeal it.

Mr. Hamilton (Notre Dame de Grace): In general the story indicates that big-time United States gangsters are operating in Montreal but they failed in their first attempt to make Montreal the underworld capital of North America. Five syndicates, we are told, are operating in the general area commanded by a man who was formerly aide to a New York gang boss, Frank Costello. Reference is made in the article to another 25 United States gangsters of United States underworld fame. These men are said in the article to have come to Canada during the last three or four years, none through official immigration channels.

Mr. Pickersgill: Mr. Speaker, I would like to raise a point of order. The hon. gentleman is paraphrasing newspaper stories about a police investigation that is being carried on at the present time by the Royal Canadian Mounted Police. I think we are entitled to know whether the hon. gentleman is taking the responsibility for these statements, and if he has any knowledge about this subject that is not available to the government, whether he will give it to the police to facilitate the carrying on of the investigation that has been under way for some considerable time.

Mr. Speaker: If the hon. member is paraphrasing he is, of course, taking the responsibility for the words he is saying. It is up to the hon. member whether or not he will follow the request that the minister has made of him.

Mr. Hamilton (Notre Dame de Grace): The Minister of Justice is in the house, Mr. Speaker, and I take it he has taken note of this and will see that this information is transmitted to the proper authorities. I will also remind the house, Mr. Speaker, that the purpose in bringing this newspaper story into the picture which I am now paraphrasing is to demonstrate to the house the type of

information which should have caused the Department of Citizenship and Immigration to instigate an investigation of the situation at the time I raised the point in the house in order to obtain some information for us since most of this information had been bandied about as common knowledge for a good many months previous. Having said that, I will continue with the story.

Mr. Lesage: Mr. Speaker, would the hon. member allow me just one short question?

Mr. Hamilton (Notre Dame de Grace): Certainly.

Mr. Lesage: Is the hon. member taking responsibility for the accuracy of the newspaper reports he is now paraphrasing?

Mr. Hamilton (Notre Dame de Grace): In answering that question, Mr. Speaker, I will perhaps have the same view in that regard as did Mr. St. Laurent in this house after he made his famous remark in Seoul on the question of the Chinese government: the information was published in the newspapers. That is the statement I make and I am telling you what information was available in the newspapers to the Department of Citizenship and Immigration. I take full responsibility for paraphrasing this article and for giving you the information which is contained in the newspapers.

Mr. Lesage: On a point of order then, Mr. Speaker, I understood Your Honour to rule a few minutes ago that when the hon. member was paraphrasing the article which he has in his hands he was taking the responsibility for the accuracy of the facts related in the article. If he does not take that responsibility, I do not believe, sir, in view of what you have said, that he should be allowed to continue.

Mr. Speaker: Let us agree on this point. The hon. member is taking the responsibility for whatever he says. He could be paraphrasing a newspaper story without informing us that he is doing so. He is speaking as a member in this house and whatever he says he is responsible for. Now, it is precisely the objection which was raised by the minister the other day in which I supported him, that he could not be allowed to quote directly from the newspaper because other hon. members would perhaps quote directly from newspapers contradicting what the hon. member for Notre Dame de Grace has been quoting. Therefore, instead of having an argument as between hon. members, we would have an argument as between newspapers and would have no facilities, as far as we are concerned, of ascertaining the accuracy of the stories which appeared therein. If the hon. member is making a statement and refers to some information which he has found somewhere he can espouse the information in his own words and make it his own. I mean, an hon. member may make a charge which is not necessarily well founded. But if he wants to make it upon his general responsibility as a member of this house I think we ought to let him do it.

Mr. Lesage: With all due deference to Your Honour, may I point out, sir, that the hon. member is not being argumentative. He is relating facts, and I believe that you just said, sir, that in doing so, he is taking the responsibility for what he is relating. He just refused to take that responsibility.

Mr. Knowles: On the point of order, Mr. Speaker, I wonder whether we could not get it cleared up as to whether the hon. member is really infringing upon any rule of this house. Citation 265 of Beauchesne's third edition reads:

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

I wonder whether the newspaper articles which the hon. member is attempting to read or to paraphrase come under the ban of that citation. If Your Honour will look in the concluding paragraph of the immediately preceding citation you will find that it reads:

> Bourinot, page 335, refers to these objections when he says a member may read extracts from documents, books, or other printed publications as part of his speech, provided in so doing he does not infringe upon any point of order.

In the light of that, I wonder whether Your Honour could indicate what other points of order or ruling there might be that the hon. member is infringing upon. It seems to me that he is not out of order.

Mr. Speaker: When the point was raised yesterday I was careful not to quote the two citations that the hon. member has referred to because they are not the two citations on which I anchored my decision. I look at the rule which says that a member must not read his speech. He must advance in support of it whatever he has to say, his own arguments, and not those of others, and no one will question that. What he was attempting to do was to support his views by what he said appeared in a newspaper. He went on to say that if a newspaper reporter should find certain things and report them in the detailed fashion that he has, he felt that the Department of Citizenship and Immigration could have done likewise. At that moment the minister rose and said: In another newspaper

someone else has contradicted the story referred to by the hon. member for Notre Dame de Grace. It was at that moment that I rose and said: Let us have the hon. member's own words and his own facts. If he wants to refer to information appearing elsewhere he may paraphrase it and take the responsibility for it. Let us not have an argument as between newspapers but as between members.

If the hon. member says: Here is a situation that exists. My own knowledge of this matter is very frail but I have here a newspaper story; that is my bible as far as the situation is concerned. An hon. member on the other side says: I have another newspaper and as far as I am concerned, this is the story. Where do we stand? Then we come to the question of the two citations to which the hon. member has referred. We have long citations from newspaper reports contradicting each other and not very much by way of what the hon. member himself should be saying when he addresses this house, namely, his own arguments, his own views and his own facts, facts within his own knowledge.

The reason I told the Minister of Northern Affairs and National Resources that it was difficult for me to go beyond what I have already said was this. Citation 262 of Beauchesne's third edition says:

> The practice of reading extracts from newspapers to support an argument in debate has been followed in the British house since 1840, when Speaker Peel, with the acquiescence of the house, allowed a member to proceed to read passages from a newspaper. In 1856, when a member was called to order for reading an extract from a newspaper, the Speaker stated that on former occasions when he had attempted to enforce this rule, he had been overruled by the house. A similar statement was made by the chairman in committee on March 9, 1857.

Now, I take this as an indication—and we know from our own experience here—that it has always been rather difficult to have this rule observed whereby an hon. member will not quote from newspapers in support of his own argument or whatever information he wants to supply to the house. If I am to err I would rather in this instance err on the side of generosity. I think that situation is one which the hon. member for Notre Dame de Grace understands, and perhaps we might let him proceed a little further to find out if later on he will be exactly in order. If we find that he is going beyond what the rules allow, we can intervene again. At this moment I will let him go on.

Mr. Hamilton (Notre Dame de Grace): Thank you, Mr. Speaker. Many of us on all sides of the house would be in difficulties if we were not allowed from time to time to quote from and back our opinions with certain material of this sort.

Mr. Dickey: Speak for yourself.

Mr. Hamilton (Notre Dame de Grace): By the way, I am speaking for myself.

Mr. Dickey: Very definitely.

Mr. Hamilton (Notre Dame de Grace): To return to the paraphrase of the newspaper article, it states that the specialty of those people operating in Montreal was the bookmaking business. It has reference to their doing a business of $5 million a week.

Finally—and this will conclude the paraphrase of the article—they are claimed to have been driven from the city proper by the new city administration and have located in the suburbs. The article continues and indicates that the police of the suburbs deny their existence.

Last night, Mr. Speaker, knowing that it might be argued against this information having been available to the Department of Citizenship and Immigration and that it had been denied by the police chief of Montreal, I moved somewhat ahead of myself in answer to the Minister of Citizenship and Immigration and put on the record a couple of quotations from the police chief of Montreal as reported in the press. That should be emphasized, because some attempts may be made at some time in this debate to claim that the information set forth in this newspaper story was subsequently denied by those in authority. There is no doubt that the deputy director of police of Montreal, Pacifique Plante, on the following day, said one or two different things. But the point is, Mr. Speaker, that never at any time, so far as I can find out, did he categorically deny the truth of those allegations. For example, he is quoted in the Montreal *Herald* of February 23 as saying:

> I had information—reliable information—weeks ago that five groups of American gamblers were operating in the suburbs. I haven't heard any more since. Frankly, I can't understand what all the present ballyhoo is about.

Subsequently in the story the following appeared:

> A French-language newspaper quoted him as saying the Toronto story was "pure fantasy". Another afternoon paper quoted him as saying the "syndicates" have been driven out of the city and now were operating in the suburbs.
>
> The same paper claimed Plante said the suburban operations were a "threat" to Montreal.

Plante subsequently denied that.

> In an interview with the *Herald* Plante declared:—

This is the deputy director of the police department of Montreal speaking.

> "I would consider these men as gamblers or shady characters, not necessarily gangsters. I cannot say whether the operation is still going

on in the suburbs. I am not keeping any police there. In Montreal, we are policing the city to the best of our ability and I think we are successful."

Then there is the following:

Plante said that at one point there were perhaps as many as 100 United States gamblers involved in the local operations.

Mr. Bourque: I rise on a question of privilege as mayor of the city of Outremont, a suburb of Montreal. My friend said that the houses of ill fame and gambling houses had all been sent to the suburbs.

Mr. Speaker: Order.

An hon. Member: Do not be so sensitive.

Mr. Speaker: The hon. member has no question of privilege there.

Mr. Hamilton (Notre Dame de Grace): I did not mean to imply by any manner of means that they had all moved into Outremont or the other suburbs. I was doing my best, in spite of interruptions, to establish their existence.

Mr. Pickersgill: I wonder whether the hon. gentleman would permit me to ask him one question. Has he any personal knowledge about this subject whatsoever? Does he know of a single person who has entered this country illegally and, if so, why has he not laid an information?

Mr. Dickey: All he knows is what he reads in the newspapers.

Mr. Hees: You do not even know that. That was a sharp one, wasn't it?

Mr. Hamilton (Notre Dame de Grace): Let me say at this point, because I propose to introduce it later, that I know of at least one man with a criminal record in the United States who entered Canada, who subsequently was convicted of an offence in Canada and who has definitely remained in Canada with the blessing and the support of the previous minister of citizenship and immigration.

An hon. Member: Give the name.

Mr. Hamilton (Notre Dame de Grace): His name is Harold C. Banks. Having disposed of that—

Mr. Hees: Any more questions, Jack?

Mr. Pickersgill: What about my question?

Mr. Dickey: Is he one of the gamblers?

Mr. Hamilton (Notre Dame de Grace): There is one other bit of information. In the same story there is another statement, although not made by Mr. Plante. The article reads:

Superintendent Edward Brakefield-Moore of the R.C.M.P. said yesterday his men had been investigating the men "for at least two months" in co-operation with Montreal police. He said the information was being turned over to the immigration department. Asked whether prosecution was expected, the R.C.M.P. official replied the matter would be decided in Ottawa. He indicated that present publicity may alter the course of events.

I come now to the part played by the Department of Citizenship and Immigration in this affair. It has already been indicated that undesirable aliens have been operating in the bookmaking business in Canada for something over two years and that for several months indications of such activities have been a matter of record through the press. I may say further that the names of many of these men are known—I am going to put some of them on the record in a few minutes—and are a matter of record in certain police forces in Canada. It is equally clear that the department has the power to inquire into and order the deportation of undesirable aliens who have entered Canada. Yet what has the department done? Nothing.

I want to know, for example, what the minister has done regarding the statement in the Toronto *Telegram* of February 22 which I paraphrased a little while ago, a statement that refers specifically to these people entering Canada by other means than through official immigration channels. These statements are not idle chatter. They are statements made by responsible newspapermen after considerable effort on their part which I, before coming here, have sincerely attempted to verify, and to the best of my knowledge and belief I have verified that these conditions exist. To give some idea of the type of men we are dealing with, let me tell you something about one of the men who has been operating in Montreal. He is Carmine Galenti, alias Galento, alias John Lelo, the name by which he is most commonly known in Montreal, alias John Surro. He is American born and has been in and around Montreal for most of the last three years and has been known, perhaps rightly, perhaps wrongly, as part owner of a certain restaurant which forms one of the hang-outs for the entire gang of thugs.

He was tried for murder, convicted of manslaughter in the second degree and sentenced to five to ten years. Subsequently he was paroled and later was picked up and served the rest of his sentence. He was convicted of felonious assault on a police officer, sentenced to 12½ years and apparently

served it all. There are other charges against him in the United States. There are others, many of them, who have been engaged in this operation. The information is available, and I tell the Minister of Citizenship and Immigration (Mr. Pickersgill) that it is available no farther away from him than the Minister of Justice (Mr. Garson) through the Royal Canadian Mounted Police if he would only ask him for it, on at least 25 of these individuals, a number of whom may be easily identified as Americans with extremely questionable backgrounds and checkered careers both in Canada and the United States.

I have given the house the record of Galenti. Another who is well known is Camille Salim Joseph, alias Jacobs, who was actually convicted recently of keeping a bookmaking establishment. Then there are Michael Joseph Consolo, better known as Big Mike, Gilbert Beckley, Leo Schaeffer, Gino Campo, Jack Keithley and D. Geigerman. These are names which are on record with the police department, and apparently the Department of Citizenship and Immigration has done nothing about them. If one is sincere, and I am sincere, one does not get these names and satisfy oneself sufficiently to be able to stand up and make such charges in the house without a tremendous amount of personal effort and a genuine attempt to establish the facts to one's satisfaction.

I want the Minister of Citizenship and Immigration to stand up and tell us why he has not looked into this situation because I do not think he can tell us he did not have some of this information over a period of a great many months. I want to know what relationship exists between one of these men and one with a very similar name who was investigated most thoroughly by the Kefauver inquiry in the United States. There is yet another with the same name and initials as a man who was identified during the Kefauver inquiry as the brother-in-law of Frank Costello, perhaps the most notorious witness before that inquiry and commonly accepted as one of the two top men in the United States underworld and racketeering organization.

For two years at least this group of people has been operating in and around Montreal. Particularly in later months the Montreal police department has done outstanding work in hampering their activities. May I say here that the remarks I am making are not a criticism in any way, shape or form of the Montreal police department. It is not the local police departments or the local municipal authorities who are at fault, and I think the mayor of Outremont will agree with me in that statement. It is not the fault of the local organizations that these racketeers have chosen to move into their centres and concentrate their activities there. The police departments of the area are outstanding and they are doing everything they can to break up the group and drive these men away. But it is not part of their job to pick up and prosecute undesirable aliens and drive them out of Canada.

The sort of thing these American racketeers and gangsters are doing in Canada is like a cancer. Once it is established it spreads, grows and extends its tentacles all over the country. A little while ago these men were firmly established in Montreal. Perhaps knowing that my investigation was being carried on, and certainly as a result of the work of the Montreal police department, they seem to have been temporarily driven underground. But we can be sure, I think, that they will come up again. I think they will come up in Canada, Mr. Speaker, because of conditions previously outlined, unless we drive them right out of this country. I referred previously to Mr. Banks, and I just emphasize that as one indication again of the attitude that this citizenship and immigration department is prepared to take on occasion towards people who have known criminal records.

Now, Mr. Speaker, I want to sum up very briefly. First, organized crime, and that I think of as crime based on bookmaking and betting, is a serious danger to any community in which it exists. Secondly, such organized crime has been operating in and around Montreal for a number of years. Third, most of the key people in this operation have been United States gangsters, thugs and racketeers. Fourth, this has been a matter of general knowledge throughout most of the period, and police records exist with the R.C.M.P. and local police on most, if not all, of these men. Fifth, it has been possible for working newspapermen to establish these facts and make them a matter of public record. Sixth, despite all this the Department of Citizenship and Immigration has remained quiescent and has not taken steps to rid Canada of these undesirable aliens. Seventh, there has been no indication to this house some six weeks afterwards, nor any report, that the Department of Citizenship and Immigration has taken official steps to remedy the situation or even investigate the charges made on February 22, both in the newspapers and in this house.

I appreciate the fact, Mr. Speaker, that with the cutting into my time of the arguments on points of order, I have gone a few minutes over my time. I close with this one sentence. For the reasons that I have set forth here, Mr. Speaker, with the information I have given, I find that I have no words strong enough which could be used in this House of Commons to condemn the performance of the present and former ministers of citizenship and immigration in connection with this matter. I feel that their inaction aids, condones and abets organized crime in Canada.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): I feel it is absolutely essential, Mr. Speaker, that something be said in reply to this anthology of hearsay that we have had over two days. The hon. gentleman was very careful not to answer my question when I asked him if he had any personal knowledge of these matters or any sure knowledge of any kind. All he has done has been to read to us bits and pieces from various articles in various newspapers, and to talk about "common knowledge". I do not believe he would get very far in the courts prosecuting people on the basis of "common knowledge".

Now, when the hon. gentleman brought this subject up on February 22 by asking a question, I answered that I was advised that reports somewhat similar to the one he attempted to read—in fact, I believe it was the identical one—were brought to the attention of the R.C.M.P. and the immigration branch of the Department of Citizenship and Immigration. I said that an investigation had been under way for some time to ascertain whether or not there had been any violation of the laws which the federal government has responsibility for enforcing, and that of course included the Immigration Act. When I said that the R.C.M.P. were investigating reports similar to these, I meant precisely what I said.

The latest information I have is that that police investigation is still continuing. I do not think any reasonable person would expect a minister of citizenship and immigration to get up and give a progress report while a police investigation into some alleged crime was still going on. I can assure the hon. gentleman that as soon as the police or the hon. gentleman or anybody else puts in our hands information upon which we can take action in the courts with any reasonable chance of success, or on which we can deport any undesirable person who is here contrary to the law, there will be no time lost in doing that.

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

Mr. Speaker: Since this question of quoting newspapers is one that often arises in debate, and about which certain points of order are quite often raised, I have looked into Beauchesne's third edition further, and I find that on page 123, citation 303 refers to the responsibility a member must accept if he is quoting from a newspaper and basing his arguments on those quotations. The reference is to a question which is being asked on the orders of the day, as to whether or not the statement appearing in the press is true.

I am referring more particularly to the second paragraph of citation 303, and it seems to me there is a certain analogy there. The paragraph reads:

> It is not in order to ask merely whether certain statements made in a newspaper are true; but attention may be drawn to such statements, if the member who puts the question makes himself responsible for their accuracy.

There is a certain analogy there between the principle advanced in this citation having to do with questions being asked of ministers and the situation with which we were confronted a moment ago. Whenever we base ourselves on a report in the newspaper or even paraphrase a document, I do not think one can avoid taking full responsibility as a member of this house for whatever one says.

(Translation):

ACADIAN BICENTENARY

Mr. Bona Arsenault (Bonaventure): Mr. Speaker, I will only take a few minutes of the valuable time of the house to voice a grievance. The house is already aware of the fact that on the occasion of the bicentenary of the deportation of the Acadians, a number of commemorative ceremonies will be held in various centres of the maritimes, of the province of Quebec and also in Louisiana where, as a matter of fact, some celebrations have already been held.

These observances, which have been organized in Canada as well as in the United States as a tribute to the survival and rebirth of the Acadian people, are of interest to over a million Canadians and Americans of Acadian descent.

They are also of interest to English-speaking Canadians from the maritimes, particularly those from Nova Scotia and New Brunswick, who are generously co-operating in the organization of these celebrations.

There is an hon. member of the other place, for instance, a resident of Halifax, who has been enthusiastically taking part in this organizational work. Most of the maritime members of this house, in fact,

English as well as French-speaking, have extended to the organizers their kindest support. We know too that the state of Louisiana has already contributed a substantial amount to the fund set up by our Acadian cousins of that part of the United States for the purpose of these celebrations.

Next summer hundreds, even thousands, of visitors from Louisiana will come to this country, particularly to the maritimes. The conseil de la vie française, under the skilled leadership of its secretary, Father Paul-Emile Gosselin, has already organized a useful tour of Louisiana by Canadians. It is also preparing several other friendship tours to New Brunswick, Nova Scotia and Prince Edward Island.

This year, then, a continuous flow of tourists will bear down upon the maritime provinces. These friendship tours, these pilgrimages made by Canadians from central Canada to the maritimes, and particularly to Nova Scotia, will no doubt continue from year to year. In that province, formerly called Acadia, there are several historical sites particularly dear to the hearts of Canadians and Americans of Acadian descent.

This constitutes for Nova Scotia a source of income that is hardly tapped and that the Canadian government should help to develop, if only from a strict touristic point of view.

We just learned, through the provincial treasurer, Hon. Mr. Fielding, that the government of Nova Scotia has just decided to grant a generous subscription to the fund for the organization of the Acadian celebrations which will be held this year in that province.

Moreover, the government of Nova Scotia, through its information office, just issued a fine stamp, with inscriptions in both official languages, to commemorate the bicentenary of the deportation of the Acadians. Both decisions, bespeaking broad-mindedness and generosity, are well calculated to promote national unity in this country and certainly deserve to be called to the attention of this house. They deeply stir those who, by reason of their Acadian origin, have maintained the love of tradition.

On behalf of the electors of Bonaventure county, whom I have the honour to represent in this house, about thirty thousand of whom are of Acadian origin, I wish to express deep gratitude to the premier of Nova Scotia and to his government for what they just did for the descendants of the first French pioneers who settled on the banks of the bays of Fundy and Chignecto.

The New Brunswick legislature, we have been assured, is about to subscribe, in turn, a substantial amount for the organization of these Acadian celebrations. Prince Edward Island also expressed its intention to contribute.

No doubt the government of the province of Quebec, which counts 350,000 people of Acadian descent, of whom about 100,000 settled there recently, will also wish to do its share.

We know indeed that the Canadian government already has done a great deal to help in the organization of these Acadian celebrations.

They have fortunately implemented several recommendations made by our colleagues from New Brunswick, Nova Scotia and by those of us who represent constituencies comprising large groups of people of Acadian origin. We are grateful for what they have done.

Moreover, the Canadian government was officially represented at the ceremonies in Louisiana last January and on March 24 last. I believe, our ambassador at Washington went to New Orleans and made a moving speech, in French and English, which deeply touched the hearts of all Louisianians.

Nevertheless, Mr. Speaker, the Canadian government has not yet shown any intention of contributing financially to the organization of those commemorative celebrations of the Acadian festivities which will take place in various parts of the maritime provinces and in the province of Quebec during the year, or of issuing a postage stamp to commemorate the event. That is the grievance I wished to lay before the house.

Mr. Charles Cannon (Iles-de-la-Madeleine): Mr. Speaker, as member for Magdalen islands where 90 per cent of the electors are of Acadian origin, I take great pleasure in supporting the speech just made by my colleague, the hon. member for Bonaventure (Mr. Arsenault), in connection with the grievance he has just stated.

As I have already spoken on this matter, it is not my intention to dwell upon it at length today. I wish to recall to the house that I spoke of the Acadian festivities in the debate on the address in reply to the speech from the throne. I then stated that the organization of those ceremonies entailed heavy expenses and I suggested that the federal government should help pay the cost.

I shall not say any more, Mr. Speaker, and will limit my remarks to supporting what the hon. member for Bonaventure has just said. But I want to express my firm belief that the federal government should help pay the cost of these Acadian celebrations.

As I said in the other debate, people talk about the French survival in Canada, they admire the accomplishments of the French Canadian people, as distinct from the Acadian people. But, Mr. Speaker, I say that the Acadians are even more deserving than the French Canadians, for not only were they conquered but they were dispersed and they had to overcome a great many obstacles before they could come back to their country. Therefore they deserve that the government help them celebrate this second centenary.

Mr. Maurice Boisvert (Nicolet-Yamaska): Mr. Speaker, I did not intend to take part in this debate, and if I do so, it will be only for a few moments.

Very few members know that part of the constituency I have the honour of representing here is called Little Acadia; several parishes of my riding of Nicolet-Yamaska were indeed formed, developed and settled by the descendants of Acadians and that is why they are known today as Little Acadia.

I do not know what the federal government could do, or what it should do. I can, however, assure the hon. members that if it took part in the anniversary celebrations that are being prepared in various places throughout eastern Canada, the Acadian population of my constituency would be grateful to this house and the government.

(Text):

RADIO RECEPTION, ARROW LAKES DISTRICT

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise very briefly to bring a grievance to the attention of the house, and I do so after a special request from many of my constituents who will not be able to hear the Easter programs on the Canadian Broadcasting Corporation network. I am sorry the Minister of National Revenue (Mr. McCann) is not in his seat, but I am somewhat comforted by the fact that the Minister of Fisheries (Mr. Sinclair) is listening to what I have to say.

Mr. Sinclair: As usual.

Mr. Herridge: I know the Minister of Fisheries takes a very motherly interest in all things that occur in the interior of British Columbia.

The fact I wish to bring to the attention of the house is that there are still thousands of my constituents who are unable to hear Canadian stations or Canadian programs, or to listen to the C.B.C., while at the same time millions of dollars are being spent on television in other parts of Canada. And we support that expenditure, of course.

For years chambers of commerce, farmers' institutes, labour organizations, the Canadian Legion and other organizations have passed resolutions asking that something be done to remedy this situation. As recently as last December a meeting was held in the Arrow lakes area which was attended by over 300 people from the Arrow-Slocan lakes. That meeting dealt with this question and passed a resolution urging the government to do something about improving radio reception at points where no programs, with the exception of those from the United States, are received.

During the last year low power relay transmitters have been established at Castlegar and at Kaslo and I wish to say they are very much appreciated by the people in those districts. The very fact that these people are now able to receive C.B.C. programs from early morning until late in the evening has stimulated interest in these stations and strengthened the demand that something be done to serve the rest of the area. I have been told by officials of the C.B.C. that this can be done and I cannot understand why something has not been done to date.

It may be said to be a question of population but I do not think that that argument can hold because I know that low power relay transmitters have been established at points where the population is under 300 people, whereas these various organizations suggest that a transmitter at Nakusp would serve from 2,000 to 3,000 people; the station at Rosebery would serve some 2,000 to 3,000 people and the station at Balfour would serve from 3,000 to 4,000 people. So I contend that as far as population is concerned we should qualify for some attention in this regard.

I am told that it is also a matter of funds, but I would direct the attention of the minister and the officials to the fact that we are spending large sums of money to provide television service to the great majority of Canadians and I think it only right that pioneering people in the outlying districts should have a chance to listen to Canadian radio programs.

In that connection I have this year's report of the Canadian Broadcasting Corporation in which low power relay stations are dealt with on page 52 as follows:

These are satellite transmitters of low power which are attached to the wire line networks at repeater points. These stations are able to relay programs only and are not able to originate live

broadcasts. Communities serviced are those unable due to topography to receive any adequate signal from a Canadian radio station and yet not large enough to support their own local station.

That is exactly the situation in the parts of my constituency that I have mentioned and I think the size of the population fully justifies the installation of these stations. I have made inquiries about this and I am not altogether convinced that the reason is the reluctance of the C.B.C. to establish these stations. I would direct the attention of the Minister of Fisheries (Mr. Sinclair) and the house to the fact that already there are either telephone or telegraph wire services to these communities. From the information which I have gathered from various sources I am rather under the impression that the Canadian Pacific does not want to have to prop up its old poles in order to carry the two more wires that would be required to provide this service.

I do not think that the reluctance of any company, whether telephone or telegraph, to spend money to improve its lines should prevent communities having radio reception. These communities are producing considerable wealth. For example, last year over a million dollars worth of lumber products were shipped out of Nakusp, and other communities are producing minerals in a similar ratio. I bring this to the attention of the house at the request of the people of my constituency and of a number of organizations who direct my attention to the fact that they will not be able to hear the Easter programs sent out by Canadian stations.

These Canadians in Kootenay West are unable to enjoy Canadian programs while a great majority of Canadians are able to enjoy television. In fairness to these people I contend that serious consideration should be given regardless of the difficulties. The expense is not too great especially in relation to the expensive services which are rendered to other Canadians. Low power relay transmitters should be installed at the two or three points necessary so that these good people may be able to enjoy the C.B.C. and Canadian programs rather than to be forced to listen day after day, week after week, month after month and year after year to United States programs and newscasts.

LABOUR CONDITIONS—REPORTED LAY-OFFS AT ORENDA ENGINE PLANT

Mr. John Pallett (Peel): Mr. Speaker, the grievance to which I should like to refer this afternoon arises out of an announcement made the day before yesterday that 1,000 workers would be laid off at the Orenda engine plant. This would be in addition to the 2,000 which it was announced would be laid off by A. V. Roe company.

This will affect the unemployment situation considerably. The announcement has been made that certain steps will be taken to reallocate these people in other industries. I suggest that this recent announcement will have a most serious effect on the whole Canadian aircraft situation and it is for that reason that I bring it to the attention of the house.

We have in the Canadian aircraft industry the finest designers in the world who have been capable of designing civilian aircraft capable of competing with any aircraft in the world. As the result of government direction, civilian production of these designs has to be set aside to provide for the production of military aircraft. As a result of recent government orders cutting back military production we have had the laying off of aircraft workers who are skilled in their trade. These workers will be lost to the industry, their earnings and standard of living will be reduced.

The encouragement by the government for the design of civilian aircraft has been absolutely nil and the result of this policy will be that there will be nothing to replace the man hours lost in these aeroplane plants because of the reduction in military orders. I suggest that either a policy should be adopted of continuing production at the present level in order to keep these aircraft workers busy until the designers can get their civilian production going, or the announcement should be made by the government that they will not interfere with civilian production. The industry could then run a civilian production line parallel with the military production line.

We have had three separate lay-offs of 1,000 each directly due to government interference, and we do not know what the end will be. Each time we have had some assurance that there will be no further lay-offs. I consider this a serious grievance to lay before the house and I submit there should be some definite announcement as to when there will be an end to this piecemeal separation of the aircraft industry.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, in the absence of the Minister of Defence Production (Mr. Howe) and his parliamentary assistant, I cannot add anything to what I said the other day except to reassure my hon. friend that the step which I suggested then is being taken by the national employment service looking toward a replacement of these workers. Perhaps he would defer an answer to the longer-term production question till after the recess.

HOUSE OF COMMONS—USE OF OFFICIAL STATIONERY

Mr. George H. Hees (Broadview): The matter I rise to speak about is not one of great importance, but I think it reflects on the dignity of the house to a certain extent.

I received in the mail this morning a copy of the circular of the World Wide Gum Company of Granby, Quebec. It is over the signature of a member of parliament and what I take exception to is the fact that the circular which was sent to the Georgian Bay Tourist Company was sent in a House of Commons envelope. I do not think it is in keeping with the dignity of the house that gum advertisements should be sent in official House of Commons stationery. I see that the Acting Postmaster General is in the house, and I hope he will take it up with the hon. member concerned and see that this practice is discontinued.

Hon. J. W. Pickersgill (Acting Postmaster General): Mr. Speaker, I think the hon. gentleman may have seen a letter I addressed a year ago to the hon. member for Lethbridge (Mr. Blackmore) when I once before was Acting Postmaster General. Of course, letters that are sealed are sacrosanct to the post office and the responsibility for the proper use of the frank and the official stationery is the responsibility of each one of us as a member of parliament and it is not the responsibility of the post office.

The Acting Speaker (Mr. Applewhaite): Order. Before this matter goes any further I am going to suggest to the house—it caught me by surprise—that grievances which can be raised before supply is voted to Her Majesty are grievances, naturally, against the government of the country or over which the government of the country might be said to have some jurisdiction. Although I am not suggesting it is out of order, I think the point raised by the hon. member for Broadview (Mr. Hees) is perhaps more in the nature of a question dealing with the privileges of the House of Commons, over which we all hope the government of the country does not have authority. Therefore I am suggesting that the members might be agreeable that the matter should be left at this stage.

Some hon. Members: Agreed.

WINNIPEG GENERAL HOSPITAL—FINANCIAL POSITION

Mr. Stanley Knowles (Winnipeg North Centre): It is not my intention, Mr. Speaker, to speak more than a few minutes at this stage but there is a crisis in my constituency of Winnipeg North Centre, in my city of Winnipeg and in my province of Manitoba, which I feel I should publicly draw to the attention of the Minister of National Health and Welfare (Mr. Martin). It is a crisis which in my view could have been avoided if this government had acted long ago. It is a crisis the like of which may occur in other provinces throughout this country during the months and years that lie ahead, but again I say it can be avoided if the government will take action on one of its own promises.

I refer to the crisis that has developed with respect to the operation of the Winnipeg general hospital in the city of Winnipeg. That hospital finds itself faced with a terrific bank overdraft that the newspapers have headlined as a cash crisis, on the basis of which the board of trustees has given what is referred to as an ultimatum to the public authorities that unless the money is made available they will have to turn the hospital over to the public authorities.

The reason I raise the matter here, Mr. Speaker, and the reason I call it to the attention of the Minister of National Health and Welfare is, I think, as obvious to him as it is to everyone else. This kind of crisis—

Mr. Harris: May I interrupt only to ask the fairly obvious question, can this not be debated on the estimates and, if so, is it not out of order at this time?

Mr. Knowles: I question the statement of the Minister of Finance that anything that can be debated on the estimates is out of order at this time. I would also point out that one of the features that is supposed to be basic to a grievance is that there is some element of urgency, and I suggest there is an element of very real urgency in this matter so far as the people who are affected are concerned.

My point to the Minister of National Health and Welfare, which as I have said should be obvious, is that a crisis like this could have been prevented if he had long ago brought in a nation-wide plan of health insurance, and I tell him that unless he acts on that important matter there will be other crises like this throughout the country.

I said I would be brief, and I have only another sentence or two to say. I call upon the minister and upon the government to quit making a joke out of the fact that they have had health insurance in their platform since 1919, and to act on that question soon before more people suffer as a result of crises such as this one that now confronts us in Manitoba.

Motion agreed to and the house went into committee, Mr. Applewhaite in the chair.

DEPARTMENT OF AGRICULTURE

Administration service—

1. Departmental administration (including advisory committee on agricultural services), $496,998.

Item stands.

DEPARTMENT OF FINANCE

General administration—

112. Departmental administration (including the former administration of employees' instalment purchase plan and employees' group insurance plans), $1,965,633.

Item stands.

DEPARTMENT OF LABOUR

General administration—

173. Departmental administration, $685,605.

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

Defence services—

236. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization, to authorize expenditures in the current year out of the amount hereby provided, not exceeding $175,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection (3) of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection (3), and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $4,269,726,540 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $2,443,441,346 will come due for payment in future years), $1,729,285,194.

Item stands.

POST OFFICE DEPARTMENT

334. Departmental administration, $1,546,388.

Item stands.

DEPARTMENT OF PUBLIC WORKS

353. Departmental administration, $1,049,280.

Item stands.

Progress reported.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed, from Friday, April 1, consideration of the motion of Mr. Pearson:

That items numbered 92 to 111 inclusive of the main estimates, 1955-56, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I think it was with considerable regret that yesterday the right hon. Prime Minister informed us that Sir Winston Churchill had resigned his portfolio as Prime Minister of Great Britain. I do not think any of us here would for a moment disagree that Mr. Churchill is deserving of his rest and retirement. He has been recognized not only as probably the greatest leader Great Britain has ever had—and some would even go as far as to say that the world has had—but certainly he has been the greatest leader the commonwealth has had.

Because Mr. Churchill has always taken such a great interest in what is now the commonwealth of nations I would like for the next few moments to direct my remarks to this association of nations. If not in years at least in sequence of events it has been a long time since the Pax Britannica of the last half of the last century stabilized the world. As all of us know only too well, the events of the first 50 years of this century have so changed the political aspects of our planet that such a picture would have been completely unforeseeable at the turn of the century. Great powers have risen and fallen; new waves of violent nationalisms have sprung up and are running their course, and the struggle for men's minds is presently continuing between two great political and economic ideologies.

The great British Empire, which has contributed so much to mankind in the science of government, law, fields of literature, the natural sciences and in human standards of decency and morality, has survived two great world wars and has been a victor in both. But what was once the British Empire has now so altered its original form, and is continuing to do so to such an extent, that it has become almost unrecognizable when compared with what it was when Sir Winston Churchill started his political career 50 years ago.

As all of us know, in the eighteenth and nineteenth centuries the industrial revolution in Great Britain, together with her resources of iron and coal—and what is more important, the stability, perseverance and determination of her people—made Britain by far the most powerful country in the world and extended her territorial possessions, culture, language and government to every corner of the globe. Beginning in the last century, and almost completed in this century, a peaceful evolution has taken place and is continuing to run its course in the various territorial parts of what once constituted this great empire which was originally ruled from England. Canada, Australia, New Zealand, South Africa, India,

Pakistan and Ceylon have all become, largely in an orderly and peaceful manner, completely independent countries. Other sections such as Burma and the southern part of Ireland have not only become independent but have withdrawn from even a nominal association with the other countries that now form what we know as the British commonwealth of nations.

It is toward this arrangement known as the commonwealth of nations that I should like to direct my remarks for the next few moments. The commonwealth is a type of political arrangement that was previously unknown in recorded history, although in its earlier stages the Delian confederacy of classic Greece was in some ways similar. These independent countries forming the present commonwealth all have various and diverse nationalistic aims which frequently cause members of the commonwealth to come at least into diplomatic conflict with each other. For instance, India and Pakistan have certainly had some diplomatic conflict with each other over Kashmir. India and South Africa are not exactly upon the friendliest terms with each other. Also, these various independent units of the commonwealth compete with each other economically as, for instance, Canada and New Zealand with respect to the export of cheese. Yet despite all this, all these countries, whether they be kingdoms or republics, recognize Her Majesty as the titular head of the commonwealth.

People in other lands outside of the commonwealth find this paradoxical arrangement very difficult to understand. They ask, in the light of present conditions, what is the commonwealth? The units are independent and there is certainly no unanimity as far as foreign policy is concerned. They say "You struggle against each other for world markets, yet you call yourselves members of a family of nations with a queen as its head, although you are racially and culturally totally different groups".

Well, Mr. Speaker, I am afraid that as things stand at the moment, and as far as the present trend of the commonwealth is concerned, I find myself among this group of inquiring people wondering what the commonwealth really is at the present time. We all know that at the present time various members of the commonwealth act as liaison officers and interpreters between the two great power blocs of the world, namely the United States on the one hand and the Russo-Chinese bloc on the other. We know that Canada often is called upon to interpret and possibly even mediate difficulties and differences of opinion between the United States and England, and we have heard that India has a somewhat more direct pipe line to Peking than have some other members of the commonwealth. In that respect the liaison is created between communist China and the western world, a liaison that of course is becoming increasingly important at the present time.

We know that in most cases there is more than the usual friendly association between the governments of the commonwealth countries; we know that occasionally conferences are held to discuss undisclosed problems, whatever they may be. But what else is there to this association which the Prime Minister (Mr. St. Laurent) and others have described as a friendly and easy-going association?

I should like to ask what is the basic difference between our association with commonwealth countries and say the republic of France or Brazil? Do we not have a friendly and easy-going association with these countries? What is the basic difference between the commonwealth and the United Nations? That is the question I have been wondering about, and I think a great many of us have been wondering about. I hope the Prime Minister or more probably the Secretary of State for External Affairs, when he sums up the debate on this resolution will enlighten us a little further.

I think, Mr. Speaker, that if at all possible something should be done toward strengthening the relationship between various units of the commonwealth. There is no doubt that the present trend of commonwealth countries is to become less and less associated with each other, and the inevitable result will be the complete dissolution of the commonwealth.

This trend has become most marked and greatly accelerated since the end of world war II. As we all know, new power blocs and new nationalisms have sprung up around the world since then. Canada and England are members of NATO, whereas India, Australia and Pakistan are not. Australia and New Zealand are members of ANZUS and Canada is not. India apparently has aspirations to remain completely neutral and become the leader of the new nationalism in Asia. Pakistan seems to be more favourably inclined toward the west. We have all seen in the past that the break-up of great empires leaves a power vacuum, and in this world of ours some other power group will inevitably move into such a vacuum.

We do not have to go back very far in history to see this. The Austro-Hungarian empire, which had kept middle Europe unified for centuries and which acted as an effective block to the territorial ambitions

of other states for many years, was dismembered after world war I. This was a well-meant dismemberment, I do not doubt, and brings to mind Woodrow Wilson and his doctrine of self-determination of nations, a very commendable doctrine which has resulted in something that I am afraid Mr. Woodrow Wilson did not foresee. We all know that the only result of this dismemberment was a group of weak states in central Europe forming alliances with different power blocs, and in the end they were independently too weak to resist German aggression under the late unlamented Adolf Hitler.

For many years prior to world war II the press and others in the United States continually advocated the break-up of the British Empire, and accused England of repressing subject peoples. This attitude was even reflected by the late President Roosevelt on different occasions during world war II. Well, since world war II this group have had their wish. It would seem to me that these same persons are now perhaps wishing they had not been so anxious to see the British Empire dismembered, because this resulting power vacuum has already been created in places like Burma and India, with consequent alarm to the United States in its new role of world leader.

Oddly enough, Mr. Speaker, in India, Pakistan and elsewhere I understand from personal knowledge at the present time this group of Americans who so earnestly advocated freedom for these countries are by no means popular, and in India and Pakistan the British people are by no means unpopular. It is a rather strange result, but I suppose it points the moral that sometimes we should keep our noses out of other people's business.

However, to continue, if this same situation should ultimately result in a different way with the other nations of the commonwealth the whole course of history will undoubtedly be changed, and I am afraid not for the better. It is quite true that we have the United Nations, and that if open aggression were to take place against a country such as India the United Nations would come to India's aid, as some members of the United Nations did in the case of South Korea. However, in the world of today there are various ways of committing aggression, as we all know. For example country A, let us call it, may instigate and be completely responsible for aggression, yet sit blandly back and be like Caesar's wife, above reproach.

What I meant by this is that it is possible for country A, by promoting internal revolution and similar methods in country B, to be responsible for setting up a government in country B that will acquiesce and make that country a satellite of country A. One of the most recent examples I can think of is the situation that developed between Russia and Czechoslovakia, and it is not inconceivable that a similar situation could happen in India, Indonesia or Burma at the present time, or in many other places. Undoubtedly the United Nations under such circumstances would find it theoretically very difficult to interfere in what would apparently be the internal affairs of a member nation.

This is just an example to show that it is not always wise to rely entirely upon the United Nations. I think it further shows that countries should develop their own defence forces or join in mutual aid pacts, as has been well illustrated throughout the world in cases such as NATO, ANZUS, SEATO to a lesser extent, and so forth. I think it might be wise—and I shall deal with this in a moment or two—if some consideration were given to forming some sort of commonwealth defence pact, not so much as a bulwark against world war III, although I think it would help in that respect, as against limited aggression on the periphery of the Soviet-controlled empire.

The type of war and aggression we have had almost constantly since 1945 has not been major war but limited aggression here and there using conventional weapons. All of us fear the possibility of a major holocaust with hydrogen bombs. But because of the very danger of such bombs, as has been pointed out to the house many times, we may never get that; but we may have constant pressure and piecemeal wars using conventional weapons and a constant whittling away at territories on the edge of the communist world. Some of the members of the commonwealth are not able to defend themselves, but by the formation of a pact with the other members of the commonwealth I think this type of aggression could be effectively resisted.

I fully realize that the problems would be very great in attempting to arrest the present trend among commonwealth countries. As I have already mentioned, the units of the commonwealth have different political aspirations, and often opposing economic aims and different cultural and racial backgrounds. However, I do feel that if some member of the commonwealth took the lead in this matter a much stronger relationship could somehow be worked out among the commonwealth countries. I think this strengthening of the bonds among the commonwealth countries is necessary as an added assurance for world peace and the ultimate prevention of world war III.

At present the two great armed giants of the world, the United States and Russia, sit scowling at each other on opposite sides of the world. There is no other country or group of countries at the present time that could even hope to challenge the might of either of these countries. If, however, the relationship between the commonwealth countries were strengthened it might conceivably lead to a third power bloc which would be powerful enough to act as a counterbalance to the United States and Russia. This, of course, is probably only a fond hope, but I do not think there is any harm in trying. I am not suggesting for one moment that at the present time the commonwealth countries should act with one voice in the matter of foreign affairs, because that is a practical impossibility; but I do feel that if steps were taken to strengthen the commonwealth relationship this one voice in foreign affairs might not, some time in the future, be as practically impossible as it is now.

I understand that efforts have been made by at least one member of the commonwealth to set up an intercommonwealth defence force, but that these efforts came to naught since the suggestion received a lukewarm reception on the part of two of the members of the commonwealth who participated in the talks, and I understand that Canada was one of them. However, it may be that the effort made was not strong enough or that the ground for the proposal was not properly prepared. As I mentioned earlier, we all know the great value of the commonwealth in acting as interpreter between the American and Russian blocs, but surely it could be something more than just that.

I should like to see Canada take the lead and openly make a determined effort to greatly strengthen the political bonds between the various units of the commonwealth. I suggest Canada because if England were to try to do it undoubtedly it would make countries that are newly independent, such as India, Pakistan and Ceylon, suspicious; but I do not think these countries would be suspicious of Canada or of our motives or intentions. Everyone knows we have no desire for territorial gain or any wish to dominate any other country either directly or indirectly.

Our Secretary of State for External Affairs (Mr. Pearson), as a result of his past work in the United Nations, is widely respected throughout the entire world, and I might say, properly so. I feel that he might be the man, if the government felt so inclined, to do the job of strengthening the commonwealth and arresting the present trend toward dissolution. A strengthened commonwealth which would make it quite clear to the world that in a great emergency it would act as a unit to resist aggression could certainly be a decisive factor in preserving world peace. As I mentioned before, I think this is necessary because in the light of the events of the past few years I do not think the United Nations could be relied upon entirely to prevent armed aggression either openly or indirectly by subversion and internal revolution.

It is only a suggestion, but I feel the first step that might be taken toward closer commonwealth association would be to set up a central secretariat, possibly located in Canada or even in some other country if necessary. I know full well there is a close relationship between commonwealth countries through the high commissioners' offices. I am quite aware of that, but the psychological effect of having a central secretariat for the commonwealth would be very great, and from then on I am sure other steps might well follow toward closer association.

Another suggestion would be that the prime ministers of the various commonwealth units might have meetings, more often if necessary but at least annual meetings. These would be just preliminary steps along the road in the opposite direction to which the commonwealth is going at the moment. As I mentioned earlier, I think if an effort were made by this country, with the ground properly prepared, there might be a stronger possibility of having some intercommonwealth defence force, which might well be the answer for reasons I have already pointed out and shall not repeat. Such a step is probably impractical at the moment, but I feel it could be worked out.

Nationalism can sometimes be a strong force for good but misguided nationalism—and we see evidence of it in nearly every commonwealth country, even here—is just the opposite. If each member of the commonwealth continues to be determined to be its own little empire builder and is not prepared to give up, in some small respect, any of its national sovereignty we shall, as the old expression goes, "all hang separately since we won't hang together." However, if we bind ourselves closer together the commonwealth family may yet be the deciding factor in saving the world from annihilation.

All through the world we hear the argument that every country must give up some of its national sovereignty for the purpose of some form of world government or international control, and I think the commonwealth, because of our past associations, would be a good place to start and set an example to others. I think it can be done if someone makes a determined effort and gives strong leadership; and again, and finally, I think Canada is the nation to do it.

Mr. Stanley Knowles (Winnipeg North Centre): I rise to support as strongly as I can, Mr. Speaker, the position taken by my leader the hon. member for Rosetown-Biggar (Mr. Coldwell) when he spoke in this debate on March 24. As the minister and members of the house will recall, my leader made it crystal clear on that occasion, as he has on other occasions, that we feel the people of Canada do not want to get involved in United States policy with respect to Formosa, Quemoy, Matsu and other areas in the Far East. He made it clear also that we feel Canadian foreign policy should be made here in Ottawa, not in Washington.

In that position, Mr. Speaker, we find ourselves in agreement with statements that have been made on earlier occasions by the Secretary of State for External Affairs (Mr. Pearson). In fact until fairly recently, perhaps until his recent speech before the Canadian Club in Toronto, we were satisfied with the position taken by the minister in that he said many times that Canada has no commitments in that part of the world other than any commitments that might arise because of our membership in the United Nations.

However, we feel from the statement made by the minister in his Toronto speech and from the explanation of that statement which he made in this house on March 24, that that position has been qualified. It seems to us that the position of the government now is that Canada does not agree with the attitude Mr. Dulles takes towards the possible defence of Quemoy or Matsu. It is the policy of the Canadian government that we do not intend to get involved in any war over the defence of these islands. Indeed, we are not committed to take part in any war with respect to the defence of Formosa. However, the minister goes on and suggests that what might start out as a small war could become a big war and if the United States found itself in a big war, no matter how it started, Canada would find itself involved.

Now, if the minister were merely saying that if a world-wide conflagration breaks out, particularly bearing in mind the power blocs that exist in the world today, because of our geographical position, to put it in the vernacular, we would have had it, one could hardly argue with him. But it seems to us that the kind of statement he has made—I refer to his statement in Toronto before the Canadian Club and his explanation of that statement in this house—weakens his position with regard to any further representations he might make to Washington.

We feel the result is that Canada has said that we regard ourselves as quite free to make any decisions we want with regard to foreign policy, so long as they are agreed to by Washington. In our view the minister should take another look at the statements he has made and try to repair the damage that we feel was done. He should try to make it clear again to the United States that Canada does not believe it is a good idea to get involved in a war over Quemoy or Matsu; indeed, that we should not be a party to United States attempts to keep the Chinese civil war going.

If there is a difference between the approach of the United States to the situation in the Far East and the approach of the United Kingdom, I think it was well put in an editorial in the Ottawa *Citizen* last night. I have not the editorial before me, but as I recall its content it went something like this. The United States seems anxious to keep that civil war going in the hope that it may eventually result in Chiang Kai-shek getting control of the mainland again. On the other hand, the United Kingdom feels that it is time that civil war was liquidated and brought to a conclusion.

No one in this house can say of the former prime minister of the United Kingdom, Sir Winston Churchill, or of the new Prime Minister, Sir Anthony Eden, that either of these gentlemen is an appeaser, that either of these gentlemen would follow a policy of weakness. Yet we all know that it was the policy of Sir Winston Churchill's government, and we have every reason to believe it is the policy of Sir Anthony Eden's government, that the United Kingdom should not do anything to keep the Chinese civil war going.

We feel that our interests in this matter, despite our geographical proximity to the United States, are closer to the interests of the United Kingdom than they are to the interests of the United States. As I see it, United States foreign policy, particularly under the direction of Mr. Dulles, is built not so much on a diplomatic basis, not so much on a basis designed to avoid war itself, as it is in terms of military strategy. The United Kingdom on the other hand realizes that if a world war breaks out, those islands have had it.

I suggest we are in the same position. Geographically we are close to the United States; but if there should be a conflict between the two great powers in the world today it is now a trite statement to say that we are in the position of a Belgium, and we have had it.

In that sense I feel that our interests are very close to those of the United Kingdom. Both of us have a tremendous stake in avoiding the outbreak of war of any kind because

our two countries know that if that happens there will be devastation of our lands. For that reason, apart from the other connections we have with the United Kingdom, I feel that the Secretary of State for External Affairs should be ranging himself and his policy with respect to the Far East more along the lines advocated by the government of the United Kingdom than along the lines advocated by the government of the United States as set out by Mr. Dulles.

I think the Secretary of State for External Affairs should take another look at Mr. Dulles' foreign policy. It is clear. He has spelled it out time and again. It is there for all to read. In my opinion it is not correct to call it a foreign policy; it is a military policy. When he speaks one feels he is not a diplomat who is trying to save the peace of the world, but rather a military strategist planning his moves on the assumption there is going to be an armed conflict in which the United States will be involved.

Mr. Dulles likes to draw that line we have heard him draw, starting from the Aleutians. I am going to describe the line he draws, but for obvious reasons I shall start at the other end. He draws a line from New Zealand up through Australia, the Philippines, Formosa, the Pescadores, Japan, Korea and the Aleutian islands. Does he stop there? No; in his mind that line goes on through northern Canada.

What is that line? Is it a line he has drawn because he is interested in the people on the Pescadores or the people in New Zealand or the people in Churchill, Manitoba? No; it is a defence line for continental United States. In other words all these countries through which that line is drawn by Mr. Dulles are pawns in American military defence strategy.

We should recognize that is what it is, and try to say to Mr. Dulles that we do not appreciate and do not approve of that kind of policy, because our interests appear to be different from the interests of people in the United States, under their present leadership. They seem to have the idea that there can be a war, and that if they have a line of defence around the world other people may perish and other lands may be devastated —whether it be Formosa, northern Manitoba or New Zealand—but that somehow or other the United States will remain intact.

I am sure we in Canada do not look at it in that way, any more than do the people of the United Kingdom. The people of the United Kingdom know that their only defence is in the maintenance of peace, and I suggest that we in Canada know the same thing. We realize that, despite this grandiose Maginot line that Mr. Dulles would draw from New Zealand right around to Newfoundland, if war broke out there would be devastation and suffering in all the countries through which that line goes.

So I say that this policy on the part of Mr. Dulles is there for all to see and to observe. He spells it out clearly enough. But I repeat that, as I see it, it is not a diplomatic policy. It is not a position arrived at by a foreign minister. It is a position arrived at by a minister of war. It is a matter of military strategy. And I say to the Secretary of State for External Affairs that, as I have known him across the years, I do not believe he thinks in those terms at all. He thinks rather of his job in terms of the maintenance of peace. He thinks of his job as concerned with getting at the causes of war. He has made many speeches along that line which I would have been very proud to have made myself, and I am satisfied that is his approach—the approach of a foreign minister rather than that of a minister of defence or a minister of war.

I strongly appeal to the Secretary of State for External Affairs, as did my leader on March 24, to take another look at this United States policy in which we are involved as just another pawn along with the Pescadores, along with Korea, along with the Aleutians, along with New Zealand and Australia, for the defence of continental United States, on what I say is a false premise, the notion that if you have a strong enough Maginot line some people somewhere can be protected.

Our interests, I repeat, are like those of the United Kingdom. We know, with them, that our only real defence is in the avoidance of war; and we in this group feel that we are expressing the views of many Canadians when we say we do not think the present policy of Mr. Dulles contributes to the avoidance of war as much as would policies which I am satisfied our Secretary of State for External Affairs could advocate, if he would stand up a little straighter on his own two feet and express his own views, as Canadian views, rather than always defending the views put forward by Mr. Dulles.

Mr. Pearson: May I ask the hon. member a question? Does he not feel that it is the purpose of Mr. Dulles in his policy, whatever my hon. friend may call it, to avoid war?

Mr. Knowles: I think it is Mr. Dulles' primary purpose to keep war away from the United States, but I am not convinced that Mr. Dulles is as concerned with avoiding war completely as I believe the minister is. If he can keep war away from the United States—if he can keep it in the Pescadores,

in Quemoy, in Matsu or in northern Canada —his aim is met. His aim is to keep war away from continental United States.

I think my hon. friend across the way would like to see the whole world spared the holocaust and tragedy of another war. I am sorry that my hon. friend, even while I am asking him to stand on his own two feet and talk plainly to Mr. Dulles, chooses rather to stand up and defend him. Mr. Dulles does not feel the need of any defence so far as his position is concerned. He stands up and speaks out very clearly and very plainly, and I think our foreign minister should do the same thing, and advocate more clearly a strong Canadian policy.

In connection with this whole business of the defence line, the line for the defence of the United States which Mr. Dulles draws, I have said that while I have heard him draw it, starting from the Aleutians and going around and down to New Zealand, we all know that in his mind it goes across northern Canada; certainly through the distant early warning line, as well as perhaps through the McGill fence and also through "Pinetree". But this does raise some interesting questions. The Secretary of State for External Affairs has said that we are not necessarily committed to any war the United States may get into, but that we could not help getting involved in the consequences. I think some attention might be paid to the question that was—

Mr. Martin: He did not say we would be; he said we might be.

Mr. Pearson: I never said we could not help being involved, in any context in which my hon. friend has used the expression.

Mr. Knowles: The minister said where the United States was involved—and if there is any difference I would be glad to have it corrected—we might—

Mr. Pearson: That is an important difference.

Mr. Knowles: I do not wish to do my hon. friend any injustice. I would tell him that I think he has it in him to enunciate the kind of policy that would ease world tension if he would stand up and express his own views, instead of feeling that he has to go along so easily and so readily with the views of the United States secretary of state.

Mr. Pearson: I have no such feeling.

Mr. Knowles: I think at some point the minister should deal with the question to which I started to refer, and that was discussed a while ago in *Saturday Night*, as to what Canada's position would be with respect to United States troops—air force or others—in this country, if the United States should get into one of these smaller wars that we would not regard as a Canadian war. As he knows, it is pretty generally remembered that one of the reasons Mr. King did not want to go ahead in 1938 with the British commonwealth air training plan was this very point as to what would happen if we had British troops in Canada at a time when Great Britain became involved in a war into which Canada had not gone. Would we have to intern those troops in order to assert our neutrality, or would failure to do that automatically place us in the position that we were at war?

That is a question which can arise under the present situation, particularly in view of the minister's statement that if the United States got into a small war over Quemoy or Matsu we would not be in it.

Mr. Martin: Would my hon. friend apply that argument to our troops in Europe?

Mr. Knowles: I am asking the question, and I think it should be dealt with by the minister. He should deal with the question asked by the Minister of National Health and Welfare (Mr. Martin) as well as the question I have asked. Surely our primary concern is as to our position regarding troops of another nation in our country, particularly in view of the minister's uncertain statement. I think I am justified in using that word describing what our position would be if the United States gets into a war.

We in this house are proud of our Canadian sovereignty. If I may refer to the remarks of the last speaker, we are proud of our position within the commonwealth of nations. We are proud of that association, but we are proud of the fact that within that association we have sovereignty and autonomy. One of the things which took a long while to develop was our own voice as distinguished from that of Westminster in foreign affairs. It is a matter of regret to some of us that the parroting of the foreign policy of the United Kingdom seems to have been exchanged for the same thing with respect to Washington. There is a touch of irony about it in that we seem to have reached this state of affairs at a time when by a process of juxtaposition we now find our interests much closer to those of the United Kingdom in world politics and in foreign policy than used to be the case.

I do not advocate that we should go back to the former position of having our foreign policy written for us at Westminster, but I suggest that the views being held over there at the present time have an element of wisdom in them which is lacking in some of the views being advocated in the country to the south.

There are just one or two other things I want to say in support of the position taken by my leader when he spoke on March 24. We should be giving serious thought, in so far as we have any influence at all, to the continuing policy of the United States in making these atomic and hydrogen bomb tests. We have been able to get a little information out of the government by questions on the orders of the day or on the order paper, but it is precious little. Some of us feel that there is a conspiracy of silence, an unwillingness to tell the people all that is known by scientists and those in the ranks of government with regard to radioactive precipitation. There seems to be such a tendency to rely on atomic and nuclear weapons as a means of defence that we do not know whether as part of our desire to build up that defence we are doing irreparable damage to future generations.

It seems to me that the Canadian people should be treated as grown-ups and that this conspiracy of silence should be broken. We should be told whether any knowledge is available on the matter, and if knowledge is available we should be told what the level of radioactivity is and whether it is doing any present or permanent damage to human life upon this earth.

Mr. Martin: In fairness I think my hon. friend should refer to the statement given on Monday, when there certainly was not a reluctance to give all the information available at this time as far as this country is concerned.

Mr. Knowles: That is the minister's view, but I have had three questions on the subject on the order paper since March 25 and they have not yet been answered. Several of us have asked questions on the orders of the day to which we have not been able to get satisfactory answers. I read with interest the statement the Minister of National Health and Welfare put on Monday's *Hansard*, but it seems to me that that statement did not answer the fundamental question as to what the level of radioactivity now is as a result of these test explosions, and how far away that level is from the level that could do damage to the human race. Let us not run the risk of doing irreparable damage to future generations, in the name of secrecy, or in the name of defence that might not be defence at all.

I have here a copy of the department's publication *External Affairs* which deals with the matter, in which it is indicated it is no use our asking the United States to cut down on these tests unless the U.S.S.R. will cut down on them as well. I agree that both these great powers should be asked to withhold these test explosions, but if you cannot persuade the other side are we not being a bit foolish to have both sides running off these explosions if by that result we double the amount of radioactive fall-out with the possibility of going beyond the danger point? This is another one of the fields in which we feel that the Secretary of State for External Affairs should speak strongly on Canada's behalf, if not to the United States authorities at Washington at least within the councils of the United Nations.

I do not want to take up time unduly in this debate, so I shall just refer in passing to two other subjects upon which I had intended to comment. First of all I want to say that I am glad to note that the press of the country for the most part is beginning to accept as being not a bad idea an exchange of parliamentary delegations between the Soviet union and other countries. Statements made in this house on the part of the government so far have been guarded, but at least it does seem to be recognized by some of the newspapers that if such a project were carried through it could not do any harm.

I want to support that idea. Surely an exchange of opinions, surely getting to know what life is like in different parts of the world, cannot do any harm. I do not know whether I can say this without getting a retort of the kind that one gets here in parliament, but I do not think it did me any harm when I had the opportunity of spending a week or so in Moscow back in 1946. I think I learned a few things about the people there. I was interested in the fact that I did have some conversations with people there, some at a semi-official level, and on occasion with people on the street. I do not think it would do others harm to have such a visit, and I am equally sure it would not do any harm from our point of view to invite delegates from that country to come and spend some time freely in our country. It might not do all the good that some might hope, but it certainly would not do any harm. It might help to ease tension if there were a flow of understanding, and I hope we will go ahead with the idea.

The only other comment I wish to make before I resume my seat is something I have commented on before. In fact I feel that I could not partake in a debate on external affairs without saying it. I urge even greater participation by Canada in economic aid and technical assistance programs. Some of the best speeches on this general subject have been made by the Secretary of State for External Affairs, but I was sorry that on

March 24 he found it necessary to try to deflate the idea that economic aid could play as important a part in easing tension and building up world peace as some of us think it could. I will be fair to him by admitting that in that speech he said it was important, but he also said—and I quote from page 2338 of *Hansard*—

—it is easy to lapse into the comfortable belief that we can save Asia—and that is how it is often put—with economic aid alone; that we can buy off communism and purchase peace for ourselves merely by stepping up our economic assistance.

That, as I see it, is unhappily nothing but a comforting illusion; and in saying that I do not minimize the importance of such economic assistance.

Mr. Speaker, none of us would claim that economic assistance, particularly if it is handing out aid on a relief basis, can itself buy off communism or save the peace. But what I do not like about statements such as that is that they seem to be excuses for keeping the program down to the rather low proportions of Canada's participation in this field.

There is a great deal that could be done along the lines that have been set out by the minister on a number of occasions. Much could be done by greater support to organizations like the world health organization. There is much that could be done by greater support of training programs, bringing people from other countries to Canada, training and educating them here so they could go back to help put their own countries on a better economic footing. There is much to be done in teaching these people the ways of democracy and the way of life we have found.

I submit that until we have gone all out, until we have increased many times what we are doing now in terms of economic aid, there is no room for saying this will not do the trick. We have not yet tried it to a worthwhile extent; we have just scratched the surface. In my view there is a tremendous opportunity for the easing of world tensions, for the removal of the causes of war and building the foundations for a better world in a vast program of economic aid. I hope the Secretary of State for External Affairs, who in his heart is, I think, just as sold on this type of program as any of us, will not make these statements in which he detracts from the value of economic aid but will push for an even greater program as part of an over-all aim to save the peace and make for a future that instead of bringing war will hold a better life for all mankind.

Mr. George H. Hees (Broadview): Mr. Speaker, I wish to disagree strongly with the opinion of the hon. member for Winnipeg North Centre of Mr. Dulles' efforts to keep the United States and the world out of war. I think that Mr. Dulles makes mistakes—we all do—but I believe he is certainly intent on keeping the world out of war just as much as his own United States. I think it is rather unfair to imply that he would sacrifice other countries in a war as long as the United States remained out.

The Secretary of State for External Affairs made very clear the other day that Canada could not remain neutral if the United States became involved in a major war. I feel sure that the great majority of Canadians agree with that statement; and because we are so closely linked to the United States in both peace and war I think we are entitled to point out any actions which we believe are not in the best interests of our mutual safety and well-being.

The latest instance when I think a protest should have been made was at the time of the publication of the Yalta papers. This action, together with the pressure which has been brought to bear by Senator Knowland to publish the Tehran and Potsdam papers, has, I believe, made future high-level secret diplomacy almost impossible. I believe that our chances of avoiding another world war have decreased accordingly. In the past many wars have been avoided because representatives of both sides met in private and, in off the record discussions, ironed out the matters in dispute. This requires give and take on both sides, and it would often have been impossible for either side to give way and come to an agreement if the participants had thought their conversations would be made public in a relatively short space of time.

I believe that in recent years the ineffectiveness of so-called open diplomacy has been demonstrated time and again, both in the security council and in the big four conferences which have been held during the past ten years. It has always been recognized by those engaged in diplomatic work that effective diplomacy can only be carried on in private, and in the knowledge that records of the discussions will not be made public. I feel sure that the professionals of the United States state department recognize this fact; but despite this, those in charge of the political strategy of the Republican party have chosen to greatly reduce the effectiveness of any future diplomatic discussions between the United States and other powers with whom they may be negotiating.

After the publication of the Yalta papers, and the demands of Senator Knowland that the Tehran and Potsdam papers should be published as well, diplomatic discussions participated in by the United States in the future will be no more effective than other open discussions have been in the past.

I believe the only explanation for this extraordinary action is purely political. It

seems to me that the Republican party is so anxious to try to discredit the Democratic party as communist sympathizers that the secretary of state saw fit to authorize the publication of the Yalta papers. The world is required to pay a very high price for a doubtful political game by the party in power in the world's most powerful nation.

The only explanation I can find for the Canadian government not vigorously protesting against this action is that this government understands so well the practice of saying anything which they think will gain votes for them at election time. For example, for 36 years now they have been promising health insurance before every election, with not the slightest intention of ever implementing that promise. So this action of the Republican party in this instance does not appear to the Canadian government to be anything more than routine political practice.

I sincerely hope, Mr. Speaker, that President Eisenhower will soon make it clear that the Tehran and Potsdam papers will not be published, and that the records of all future secret conferences participated in by the United States will remain secret. I believe that only by doing so can high-level diplomacy return to any degree of effectiveness, and our chances of avoiding another world war remain good.

We have told the United States that we will back her 100 per cent if she becomes involved in a major war, and all we are saying to her now in criticizing this action is, "For heaven's sake don't destroy the best known means of avoiding war." I think if the Canadian government had shown more courage in the past in voicing our objections to United States actions which adversely affected us, and with which we disagreed, we would not find ourselves today treated as poor relations in matters affecting trade between the two countries.

I am referring, of course, to the practice of the United States imposing artificial trade restrictions on Canadian products whenever pressure is brought to bear by United States producers. Because the Canadian government has always meekly submitted to the imposition of any trade restrictions the United States government saw fit to impose, they have imposed restrictions whenever and wherever it suited them to do so, and additional restrictions are being considered today.

The United States has always treated Canada as a happy dumping ground for surplus production, and they have kept their factories open and workers employed when Canadian factories were being closed or going half time, and men were being laid off. This, of course, is not the fault of the United States government. They have simply taken advantage of our easy-going regulations, which have not made this kind of thing impossible.

I think the time is long overdue, Mr. Speaker, for Canada to speak a lot more forcibly and strongly to our neighbours about things which adversely affect us, and with which we disagree and believe unreasonable. Until we do we can only expect to go on being treated as poor relations in matters of trade and other questions which affect our welfare.

Mr. Ray Thomas (Wetaskiwin): Like other hon. members who have spoken in this debate I intend to confine myself mainly to the Far Eastern situation. However, I should like to say I was rather disappointed when the minister made his statement that he did not make greater reference to the trouble spots in the Middle East.

It would appear to me that with the Arab nations in an uneasy peace with Israel we are apt to have a major conflagration break out at any time. It is about time the United Nations got down to facts and placed the issue squarely before the opposing sides with respect to the trouble they are having there, telling them it is about time they settled down to a definite peace treaty so we can get away from these various border incidents, brought about mainly by the buffer zones between the two factions.

I think, too, it is about time that we told them that unless the United Nations rehabilitation contributions to the Arab refugees are used for rehabilitation they will be stopped. I believe these payments have gone on long enough for the maintenance of those people in the refugee camps. It is about time they were forced to get out and make their own way somehow. It should be made perfectly clear to them that any further rehabilitation grants for the refugees will be used for rehabilitation only and not for maintenance within the camps.

I am going to agree with the hon. member for Winnipeg North Centre (Mr. Knowles) on one thing only, namely that we should increase our financial assistance to the underdeveloped countries of southeast Asia. Because of the small amount of assistance that is going into those countries we are losing the propaganda battle for the souls and the minds of those people. It is quite easy for a communist to walk in there and preach his theories of equality and have those poor downtrodden people believe them, because they cannot realize that the equality that is being preached is equality of oppression rather than equality of opportunity.

However, they tell us that a person who is underprivileged will always listen to big

promises before he will accept and be influenced by a small measure of assistance. Rather than have this half-hearted help go into the south Asian countries we should do everything in our power to see that the suffering of those poor people is alleviated. We should go as far as we can in this assistance. But here is where I differ with the members of the C.C.F. party. I do not think we should at any time grant assistance at the expense of our own preparedness program, because that is of the utmost importance.

As far as Viet Nam and Indo-China are concerned, I think the Canadian delegation on the truce team there is doing a good job. I should like to offer my congratulations at this time to those people who are there doing the best they can, but they have a tremendous job. There is a lot of subterfuge. The so-called troubles that are cropping up among the people are communist inspired, merely put forward as a means of screening the true activities of the communists in Viet Nam.

I would appreciate very much if the minister would make some sort of statement in his rebuttal about the troubles they are having in Saigon at this time. I should like him to tell us whether or not it is an honest difference of opinion among the Viet Nam peoples themselves, or whether it is more or less communist inspired trouble that is being stirred up there at this time.

Peace in Indo-China was brought about with the proviso that general elections will be held in July of 1956. Consultations are supposed to be held between the respective authorities of the two zones from July 20 of this year onward. I wonder whether, when drafting the proviso—I am not too conversant with the details—it was definitely laid down who those competent authorities were to be. If so, who are they, and are they to be trusted? It would appear from our past experience with the communists in Formosa, Korea and elsewhere, that they are not to be trusted. They are not too willing to give up anything they have or to allow free elections to be held which might mean they would lose some area they already hold. For example, under the Korean set-up there were to be free elections held in Korea in 1947. When 1947 rolled around the North Korean reds refused to allow free elections to be held. We do not have to go back that far, because the same thing holds true in East Germany. I do not know when we are to reach any sort of settlement between the two Germanys and have free elections, because it is quite apparent that the communists are unwilling to relinquish anything they have.

I think, too, that we are going to have to be very careful this same thing does not happen in Burma, in Thailand and in some of the other countries of southeast Asia. For example, the prime minister of Thailand, when speaking at the SEATO meeting not long ago, stated that there were something like 20,000 so-called free Thailand troops assembled in Yunan province of red China, which could be used for a jumping off place for an invasion against Thailand itself. I understand the Burmese premier also stated that they had the same state of affairs on the northern Burma border. There they have a bunch of Burmese communists waiting for an opportunity to invade northern Burma and possibly divide that country in the same way that Korea and Indo-China have been divided.

There is one other point that has nothing to do with the communist element in southeast Asia, but can the minister indicate whether or not any progress has been made in the withdrawal of the nationalist troops in northern Burma? He will recollect that a year ago last fall a formal protest was lodged with the United Nations by the Burmese government, and it was suggested at that time that the Chinese nationalists should do everything in their power to convince these people that they should go back to Formosa. That was quite a sore spot as far as the Burmese government was concerned, and we have not heard too much about the matter since. I should like the minister to tell us in his rebuttal whether or not there has been any mass withdrawal or whether subsequent withdrawals have only been on a piecemeal basis.

Mr. Pearson: As I may not have much, if any, time for rebuttal, perhaps I could answer that question at once by saying that a good proportion of these so-called Chinese troops have been moved back to Formosa from Burma.

Mr. Thomas: I am glad the minister has made that statement, because there is no doubt that was one factor that could possibly turn Burma against the western world in the event of warfare commencing in Asia.

As to the islands of Quemoy and Matsu, I am not sure whether they are too strategic. I do not have the information, and it is a matter for military opinion. But as the hon. member for Peace River (Mr. Low) mentioned the other day, they can have quite a value from the point of view of morale as far as the Chinese nationalists are concerned. Canada has no commitment there consequent upon actual invasion of the islands, but I suggest that they certainly are a matter of great interest to the Asiatic peoples and stand as a symbol of whether or not we are going to retreat any further. There is no doubt

that the Chinese reds are going to take everything they can get. They are going to keep walking ahead just as long as they can do so without hindrance. We must also remember that since the Chinese communists came into power in 1949 they have simply led the world from one crisis to another, in Korea, Indo-China and Tibet. All the time they have been gradually working their way into the other countries of Asia, and it is about time they were stopped.

We have to lay down a certain line and say they are not going to be allowed to go beyond it. We have to make sure they do not go beyond it. Whether or not the islands of Matsu and Quemoy should constitute that line I do not know. That depends entirely on the tactical situation, and that is a matter for the military authorities to decide. As to the Chinese reds having good intentions, in my opinion their intentions are in no way honourable. I do not think their only aim in Asia is to regain Chinese territory, including Formosa and the Pescadores, because in my view they intend to proceed farther and farther into Asia and spread their tentacles as far as they can.

It has been said in the house from time to time that the ultimate aim of the communists is world domination. That applies not only to the Moscow reds but to the Chinese reds as well. Not long ago Mr. Khrushchev, when speaking at a meeting between the Chinese and the Russians, said:

> The Chinese people's republic has transformed itself into a powerful factor in the liberation struggle of all oppressed peoples against the forces of imperialist reaction and colonial enslavement for their freedom and national independence. The Chinese people's republic has entered the world arena as a great power and has become a mighty force in the general struggle of the freedom-loving peoples for international security and peace throughout the world.

This means only one thing, that the Chinese reds have joined with their Russian brothers in an effort to spread communism throughout the world and to free all the peoples of the world, whether or not they want to be free. I also doubt—and here is where I differ very strongly with the members of the C.C.F. group—whether or not withdrawal from Matsu, Quemoy or any other place would serve the interests of peace. Rather, I think it would work the other way. If we give up without a struggle here, there and everywhere, it is going to encourage them to take one more little piece of land. It is all too reminiscent of Munich and the peaceful overtures made to Hitler prior to 1939 when he took everything he could get and kept on going until he forced us into war.

I think the only possibility is to serve notice on the Chinese reds now that they have gone as far as they can go, and we should threaten them with retaliation if they go any farther. I do not think that would be anything to start a world war. Peace and security cannot be promoted by indefinitely piling up one-sided concessions to the reds. For example, may I refer to the radio comment from Peking on the withdrawal from the Tachen islands. They said:

> The liberation of these islands has created favourable conditions for our people's liberation army in the liberation of Formosa.

That is plain enough. They are going ahead unless we put our foot down. I forget the exact words the Secretary of State for External Affairs used, but when he was making his statement the other day he said that it was significant there was no resistance to the withdrawal from the Tachen islands. I do not think there is anything significant in that because nobody is going to fight for something they are going to get anyway. In my opinion that withdrawal did more to hurt the prestige of the western nations in the east than anything else could have done.

I think one outcome of our withdrawal from time to time is the present attitude of the Chinese reds. They are actually contemptuous now. When they were asked in 1951 to join in a conference respecting Korea they accepted, but when they were recently asked to confer with the security council of the United Nations they simply said they would not unless they could come there on their own terms, which meant removing the Chinese nationalists from the United Nations and giving the Chinese communists their seat. That indicates they are becoming more and more contemptuous and more and more sure of themselves as our withdrawals become more general. I believe another result of all these withdrawals is that the non-communist peoples are beginning to become a bit more afraid that maybe we are not going to back up our statements of policy and our threats against the communists. The free nations, particularly the United States, did a lot of big talking about what they were going to do before the fall of Dien Bien Phu, and it certainly did not help our prestige in southeast Asia one bit.

As I said a few moments ago, we also aided in the evacuation of the Tachen islands, and that did not do any good. I think any further withdrawal by the western nations could quite easily be interpreted as a sign of weakness by the southeast Asian countries, and it would certainly weaken our bargaining powers as far as any cease-fire is concerned.

The reason I believe a stand now would not cause any world war is that I do not think the communists are ready for it yet. I do not

think Russia is going to allow the Chinese to throw her into a war at this time because she is not in any position to back up China to the extent she would like, so far as arms and munitions are concerned.

The Soviet goals, as we all know, are to advance the Soviet sphere of influence so far as they can into Europe, Asia, the Middle East and so on, and at the same time retain the predominant position which they attained in 1950 in eastern Europe, Mongolia and North Korea. I think Russia realizes that so far as Mongolia and Korea are concerned she has lost a lot of ground, because the Chinese reds have taken a lot away from her. Russia feels also that she has to protect her own people within the Soviet union, at least to an extent which would stop them from engaging in out and out revolution. Russia is not going to go beyond that point in assisting the Chinese reds.

Communist China, of course, has the ultimate aim of spreading not only the communist influence but the Chinese communist influence all through Asia. It is significant to note that the Asiatic communists are turning now to Mao and his government rather than to the Kremlin. As a result, I think by holding these people back at the moment, eventually their disagreements are going to become so great that they are going to have a little scrap among themselves. As long as everything is going their way and they are walking ahead without any trouble at all there certainly is not any hope of breaking up that agreement and friendship which they now have. We have to stand firm. I think the differences in aims between the two peoples, and the places where they conflict, are going to do a great deal toward breaking down the communist influence throughout the world. I do not think they can get along among themselves.

I have just one more point, Mr. Speaker. This debate has been very interesting, in that at least it has shown the difference in viewpoints between the Secretary of State for External Affairs and the C.C.F. party. I should like to quote from *Time* magazine of about three weeks ago under the heading "Ontario" and the subheading "Ousted Editor". It says:

> The seven money-making newspapers of the Southam group cover a wide arc of the political spectrum, but none edges farther leftward—on the editorial page, if not in the news columns—than the lively and unpredictable Ottawa *Citizen*. Even after cautiously conservative Robert Southam, 40, took over as publisher two years ago, editor Charles James Woodsworth, 45, crusading son of J. S. Woodsworth, founder of the C.C.F. (socialist) party, continued to pursue his vigorously left of Liberal policy. But when Woodsworth came out against the rearmament of West Germany, publisher Southam got fed up. Word leaked out last week that he had quietly sacked his editor.

Here is an interesting fact.

> Woodsworth was admired in Ottawa for his biting wit, sharp writing and occasional Donald Duck editorial rages. His portside politics evidently never troubled Canada's ruling Liberals. Last year, the department of defence flew him on a two-months junket through the Far East and invited him to lecture on Asian problems to troops of the 25th brigade in Korea. He was also a frequent lecturer at Department of External Affairs briefing sessions. With some lecture and television dates ahead—

And so on. It would seem to me that with the at least apparent opposite viewpoints of the minister and the C.C.F. party, the last thing the Minister of National Defence (Mr. Campney) or the Secretary of State for External Affairs would want spread among the troops would be the idea of compromise that has been put forward by a follower and advocate of the C.C.F. socialist policies.

Mr. Coldwell: May I just make a correction, Mr. Speaker? Mr. Charles Woodsworth is not and never has been a member of the C.C.F. party. In addition to that, I imagine the minister believes in freedom of speech.

Mr. Pearson: I might add that he is not a lecturer in the Department of External Affairs.

Mr. Winch: What is left now?

Mr. Coldwell: Apparently they want nobody to speak except those who express their viewpoint. What a tragedy it would be if they came to power.

Mr. Thomas: I assure hon. members that if they do not like it, it is quite all right. I am quoting from *Time* magazine and at no time did I make any statement as to what I thought his policies were. What I want to know is, if his policies are as stated in this article, then why is he lecturing to either Canadian troops or the Department of External Affairs? Mind you, I have nothing against the beliefs of my socialist friends. I do not like their beliefs, but they certainly have had every opportunity to express themselves, and so they should. But it would seem strange to me that the government would want people briefing their employees and speaking to the army when the apparent beliefs of the speaker are actually the opposite of those of the government.

Mr. Coldwell: That would be dictatorship, which I do not think the Liberal party believes in any more than we do.

Mr. Thomas: I cannot see it in that way, because I would hate to see the armed forces of this country being taught a compromise attitude to the point where they do not know

whether they are standing on their feet or their heads, or what they are fighting for. We know what we are fighting for and we do not believe in compromise with the communists if it means we are going to be rushed into slavery. So the hon. member for Rosetown-Biggar (Mr. Coldwell) can say what he likes—

Mr. Coldwell: I shall, too.

Mr. Thomas: Quite, and he often has. I disagree with him heartily in most of his policies, particularly his socialistic policy. I do not like the idea of having the young men of our armed forces taught compromise when the last thing on earth we need in this country is a compromise attitude toward communism. Time and time again they have told us what they are going to do. They are going to conquer us by one means or another, and we have to fight that in spite of the compromise policies of the C.C.F.

Mr. Coldwell: They are not compromise policies, by any means.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, in rising to take part in the debate I would open my remarks by making a very brief reference to the hon. member for Wetaskiwin (Mr. Thomas), who has just taken his seat. He has taken us through a remarkable *tour de force*. In a matter of 30 minutes he has expressed his views on Germany, Israel, Egypt, Mongolia, Indo-China, Korea, Quemoy, the Matsus, and communism, and made reference to other political parties. Is that not something? Is it not extraordinary when any man can execute such a *tour de force* in a period of 30 minutes, when speaking in a debate on external affairs?

It is not my intention to follow the example of the hon. member. As a matter of fact I am not going to speak on any of the phases of external affairs mentioned by the hon. member for Wetaskiwin, nor do I intend to mention communism, nor do I intend to imply anything about any political parties in the House of Commons. There is only one phase of external affairs about which I wish to express my opinion, and that is the position and policy of Canada in this age of thermonuclear accomplishments and developments, a matter which is of major concern to all of us irrespective of party, and irrespective of whether we support the government or the opposition.

I feel very deeply on the matter. I have no hesitation in saying that perhaps the limitations of my vocabulary and eloquence will not permit me to express the thoughts that arise in me. To the best of my ability, however, I am going to put them forward and, unusual as it may be for me, I shall quote at some length from certain references I have before me.

I have said that I am going to discuss only one issue, and that I shall discuss it on a strictly non-political basis. All will agree that Canada is a wonderful country, a country with a population in the neighbourhood of 15 million, and that with this comparatively small population it is one of the outstanding countries of the world. If I remember correctly we are the third trading nation. In his budget speech last night the Minister of Finance (Mr. Harris) said that other countries look with envy at our fiscal policy. I believe I am safe in saying that at times of world conflict, on a per capita basis this country ranks very close to the top in matters of contributions of manpower and financial assistance. I believe I am also safe in saying that in respect of all various aspects of the work of the United Nations, next to the great powers—the United States, Great Britain and the U.S.S.R.—Canada stands at the top in its work on the committees.

What I am building up to is this. We can all take pride in our country and its accomplishments. Because of our status and our influence among the nations, although a nation of only 15 million people, can we not give consideration now to providing a lead in matters of policy and program in this trying age and these troubled times resulting from the development of thermonuclear weapons? In other words can we not be more emphatic and serve as a leader rather than a follower in international affairs? I am not for one moment attempting to detract from the stand Canada has taken, or from the statements made by the Secretary of State for External Affairs; but I do believe we can go further and do more. I believe Canada can make an outstanding contribution if we are firmer, more deliberate and more emphatic, and if we give a lead.

There can be no question but that we live in trying times. I would not like to have the job held by the Secretary of State for External Affairs; I would not want it for any money. It must be a terrible responsibility. I am sorry the house has not had a full report as to what went on at the recent commonwealth conference. Indeed we are almost in the dark as to the discussions and the conclusions. I have never set myself up as a prophet, but if I were to do a little guessing, and if the procedure followed at the last conference was that followed at previous ones, I would be reasonably sure that on the final day, at the conclusion of the meetings, the Prime Minister of Canada (Mr. St. Laurent), in his position of priority,

would have made a concluding address. And, sir, if we could be told what he said, I believe it would go like this:

> We have met at a time when events from week to week, sometimes from day to day have brought vividly home to us the tension of the European situation, the difficulties that beset those who are striving to bring stability out of unrest and confidence out of fear. Fortunately also we have seen how patient and unremitting are the efforts to repair the torn fabric of European unity, how widespread is the desire and the determination to ensure peace, how deep the reluctance to incur the incalculable hazards of war.
>
> At this time of grave international unrest and anxiety we have sought throughout to avoid, in phrase or gesture, anything which might add to existing difficulties.
>
> Indeed, we have reason to hope that the principles which we have reaffirmed, and the views to which we have given expression, may contribute not a little to a better understanding among all nations, and to a more fruitful collaboration between them.

I do not think I would be far wrong if I said that might indicate what was said by the Prime Minister of Canada and the other prime ministers at the recent commonwealth conference. I would agree with those expressions. But what I have said, as being possibly what was said by our own Prime Minister at the commonwealth conference, is actually what was said by the late Right Hon. W. L. Mackenzie King at the conclusion of the imperial conference in 1937. Two years later we were faced with the holocaust of another world war.

Since that time science has developed the atomic bomb, the hydrogen bomb, the cobalt bomb and other thermonuclear weapons. I understand that the reactor which Canada has at Chalk River is the second largest in the world, and it is devoted to the development of nuclear fission for peace purposes. Are we therefore not in position to go further than we have gone in the past, in view of the fact that today on the floor of this House of Commons, in the parliaments of the world we hear from the political leaders of the world expressions exactly the same as were made back in 1937. We should realize that someone has to give leadership so we would deal not with generalities and platitudes but with definite policies and programs.

I do a great deal of reading, and I think the wishful thinking and the actual desire and belief of leaders in the parliaments of the western world, truthful as they are, are in line with the expressions which were used just before the second world war. Today we need something more than platitudes and generalities, and I cannot think of a country better able than Canada to take the lead.

We hear and read almost every day statements by scientists as to the probable effects of the detonation of thermonuclear weapons. There seems to be some doubt as to what might happen. Only recently we were given some assurance by the Minister of National Health and Welfare (Mr. Martin) as to the genetic results, but do we have to wait until there is human evidence before action is taken?

The position is made clear by the scientists, but no matter what we are told the fact remains that they cannot take action; only parliaments can take action. It is my request that Canada give a lead. First of all Canada should recognize the statements made by the scientists and appreciate the worries of these men who are in a position to know what may happen. Political action should be taken to further investigation and to further a policy which will guarantee that we do not have to face what may happen to human beings or to nature itself because of these explosions of a thermonuclear nature.

I think attention should be paid to what has been said by Dr. O. M. Solandt, chairman of our defence research board. Dr. Solandt made an address to the Canadian Club of Toronto. This was considered to be so important that the information division of the Department of External Affairs saw fit to issue it as a release. Dr. Solandt is one of our great Canadian scientists, and I should like to place on record some of the statements he made because I think they are important and should be heard not only by members of parliament but by the people of Canada. He said:

> When the history of this century comes to be written I am sure that it will then be clear that we are living in the midst of one of the greatest periods of transition in human history.

And again:

> Nonetheless I think that it is particularly important for us to try to comprehend the significance of the developments in nuclear science that are taking place and try to control and direct their use. Should we fail in this task there seems to be a fair chance that the history of our era will never be written.

And again:

> The scientific discoveries that underlie the thermonuclear weapons demonstrated in 1954 open possibilities for the unlimited increase of the destructive power of weapons and consequently face mankind with the ultimate possibility of self-destruction.
>
> The A.E.C. announcement also emphasized the fact that bombs of this kind produce huge amounts of radioactive fission products which fall out over a vast area which may cover many thousands of square miles.

The reference there is to the United States atomic energy commission. I emphasize that this is a statement by one of our leading scientists. I continue:

> Man is therefore faced with a dilemma of a magnitude which he never faced before. The whole

history of civilization is a history of wars. Man has never solved the problem of living without fighting. In the past these wars have wiped out individuals, families, tribes, and even small nations, but the destructive power of the weapons available was never sufficient to destroy the race. We have now reached a stage in history where we can foresee the possibility of having weapons available in the world in numbers capable of destroying our civilization and of rendering large parts or even the whole of the world uninhabitable by man. This means that our attitude toward war must be fundamentally changed if we are to ensure survival.

The last quotation I want to give is I think perhaps the most important for this House of Commons.

We must hasten to solve our ancient problems of living together if we are to survive. We are now at last faced with the desperate alternative of one world or none.

That, sir, is an expression of opinion from one of our great Canadian scientists. It is so important that the minister of external affairs had it printed by his department of information. That scientist and others can go no further than to make statements. Action can only be taken by parliament on the recommendation of the government. It is not only the scientists who speak on this theme; it is also spoken of by men in politics. I wish to quote only two such statements made by men of political power. They recognize the danger, but I am afraid they do not follow through or use their political power to back their knowledge. This statement is, I think, important:

Nowhere on this planet today is there an impregnable fortress, a continent or island so distant that it can ignore all the outer world. If this is not to be the age of atomic hysteria and horror, we must make it the age of international understanding and co-operative peace.

That, sir, was a statement made by the President of the United States before the American newspaper publishers' association in New York on April 22, 1954. In the same speech he also said:

Free men do not lose their patience, their courage, their faith because the obstacles are mountainous, the path uncharted. Given understanding, they invariably rise to the challenge. Never, then, has there been a more compelling and rewarding time to work for international understanding, to labor for a co-operative peace.

That is an expression of opinion by the President of the United States.

I have not hesitated in the past to criticize what I thought were the wrong policies of Mr. Dulles, secretary of state of the United States, because I thought they were wrong, often basically wrong. However, I wish to admit that I do believe he has in mind a vision of what could happen at this time if we had a thermonuclear war. I wish to quote two statements which Mr. Dulles made in a speech delivered before the Y.W.C.A. at their centennial inaugural luncheon at New York on January 11 of this year. He said:

There will never be permanent peace so long as men and nations reserve for war their greatest effort, their most sacrificial endeavour.

He also said:

But also, peace cannot be won by truculence or by intolerance, either toward our allies or toward our citizenry. Peace has to be planned as a campaign in which many factors are weighed. It is a campaign in which it may be necessary to strive even when success may be improbable.

As I said, I have been critical of some of the policies which I see being followed throughout the world and of policies which have been enunciated by the President of the United States and Mr. Dulles, but I most sincerely agree with the principle expressed in the quotations I have read. I most sincerely believe that we have reached a stage in the development of our civilization and our scientific knowledge when we can no longer rest content with platitudes and generalities. I am convinced that the world is waiting for leadership, and I do believe quite honestly that the status and the influence of Canada is such that if this House of Commons—and that means this government and to a great extent the minister of external affairs—could come forth with a dynamic program and more forthright statements they would receive a great deal more support than is anticipated, and it would be an encouragement not only to the people of the Dominion of Canada but to the free peoples of the world.

I wish to add my remarks to those which have already been expressed on this subject. Not only should this government give more leadership; it should also be prepared not to just accept the position that there are doubts about the effects in peacetime of the explosion of thermonuclear weapons, but the government should give leadership through its position in NATO in demanding a more comprehensive, thorough and collective study of this problem.

I do not wish to take up much more time of the house. I have tried to express my inner thoughts and to base my address to a great extent on the quotations which I have read. I have made recommendations to the minister of external affairs because I have confidence in the position Canada holds in the world and in the fact that a statement made by the hon. member that is by nature definite, emphatic, dynamic and visionary will be listened to. Let us not forget that it was reported by a Washington correspondent in the newspapers only two days ago that a member of the congress of the United States, one of the best known men in that country, said in discussing the policy concerning

Quemoy and Matsu, that if they came up with a policy that even their greatest ally, Canada, could not accept, what a policy it must be. That indicates the attention that is given to the views of this country and the policies of this government.

In concluding I wish to emphasize the thinking and the principles that are being expressed by the political leaders and scientists of the democratic world, that now is a time of decision, and unless we are careful no history will be written of this day and age because mankind will have ceased to exist on this earth. All, in the expression of their desire for peace, say we must not take a position of antagonism, truculence or suspicion; we must not be held back by obstacles, setbacks and disillusionments, because the future of the world depends upon carrying on our search for peace; because the maintenance of mankind and of civilization depends upon our living together. Otherwise we are going to die together. Yes, we have had and still have suspicions. We have great worries. Without doubt we have had a great many disillusionments and a great many setbacks. But, as even Mr. Dulles said, we have to carry on for a brotherhood of peace.

You know, Mr. Speaker, it has been my privilege to have been a public servant in opposition for some 22 years now. I can assure you that one sometimes reaches a point of frustration. You believe you are right; you know you are right, but you do not seem to be able to make any progress. I have discovered on occasions like that that I can go back to some of the best writers in the world and get the inspiration and the courage to carry on. One of the writers I sometimes go back to—and I commend him to the Secretary of State for External Affairs if he has not read the book to which I am going to refer—is Lloyd C. Douglas and his famous book entitled "Green Light". It is strictly a work of fiction. In that book there is a statement by one of the leading characters, Dean Harcourt, who said in effect: "In my lifetime I, too, have faced obstacles, setbacks, dissillusionments and frustration, but I know that my goal is right; I know that destiny is on my side; I know that eventually I am going to get the green light, and then I am going to go on through."

In all this struggle for peace, Mr. Speaker, in all the trials and tribulations of today, there have been frustrations, I know, to the Secretary of State for External Affairs; there have been setbacks and disillusionment. Very often we are suspicious. May I say, sir, and I conclude as I started, in this age of thermonuclear discoveries and accomplishments I feel that if the minister, as our spokesman on foreign affairs, will give greater leadership, be more emphatic, more progressive, and will not be set back by disillusionments and frustrations, Canada will give a great lead to the world and eventually we will get the green light that opens the road to a lasting peace.

Mr. J. H. Blackmore (Lethbridge): I have listened with intense interest to the remarks of the hon. member who has just taken his seat. If he could only go to Russia and get them to believe just what he has said; if he could only go to China and get them to believe what he said, then probably there would be some sense in what he said because we are all ready to believe it and the people of the free world are ready to believe it, if only the people of the communist world would ease their aggression. But the people of the communist world are determined to continue their aggression until there exists no anti-communist world. I hope the hon. member takes time to think that through before he rises in his place and gives us any more alarming speeches. Our problem is to know what is the calm, sane, sensible thing to do to preserve our freedom in these troubled times.

It is my purpose to give some attention to the remarks made by the hon. member for Rosetown-Biggar on March 24. The hon. member made a statement which could be easily interpreted as meaning that the Chinese people drove Chiang Kai-shek from China. That statement, if I have interpreted it correctly, is just as false as a falsehood can be, because Chiang Kai-shek was not driven from China by the Chinese people but by the people of the United States. There is no time remaining for me to establish the position that I have to establish in order to make good that statement, but I shall be right here when this debate resumes.

Let me point out meanwhile that in February, 1945, President Roosevelt, the president of the United States, threw Chiang Kai-shek to the dogs by simply agreeing to allow Russia to have Manchuria, which is the source of most of the industrial strength of China, and north China, which is the source of the rest of the industrial strength of China. To that statement there is positively no answer.

I propose to quote in the few moments that remain to me one statement which comes from an important United States newspaper, based on what had been divulged in the Yalta papers. This paper says in so many words—

Mr. Castleden: What is the paper?

Mr. Blackmore: I shall give it to you in a minute.

Mr. Knowles: Six o'clock.

Mr. Blackmore: I shall give it to the hon. member when we resume the debate, along with a great deal of other information, for apparently he has not done enough homework to be familiar with it.

I move the adjournment of the debate, Mr. Speaker.

On motion of Mr. Blackmore the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, on Monday, when we resume, we shall take the legislation in the following order: item No. 3, Bill No. 187, respecting the New Westminster harbour commissioners; item No. 12, Bill No. 259, to amend the Railway Act; item No. 13, Bill No. 260, to amend the Radio Act; item No. 15, Bill No. 262, respecting the Toronto harbour commissioners, the Toronto Terminals Railway Company, and so forth; item No. 17, Bill No. 263, to implement the convention on damage caused by foreign aircraft to third parties on the surface, and item No. 7, a resolution with respect to amendments to the Blind Persons Act.

Mr. Speaker: Before the house adjourns, may I wish the Prime Minister, the Leader of the Opposition and all hon. members a restful recess and a very happy Easter.

At six o'clock the house adjourned until Monday, April 18, 1955, at 2.30 p.m.

HOUSE OF COMMONS

Monday, April 18, 1955

The house met at 2.30 p.m.

THE LATE J. G. BOUCHER

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I am sure that all hon. members were shocked as I was to learn of the death earlier today of one of our number, Mr. Gaspard Boucher, who represented the constituency of Restigouche-Madawaska in this house.

Mr. Boucher was elected to the House of Commons for the first time on August 10, 1953, after a long and distinguished career in his native province of New Brunswick. A printer and publisher by profession, he was president of the Madawaska Printing Office and Bookstore Limited, and editor of the weekly newspaper *Le Madawaska* or *The Madawaska,* published in both languages. During his career as a newspaperman, he was always keenly devoted to the interests of the residents of his county and of his province.

In 1935 he was elected to the legislature of New Brunswick and was given renewed votes of confidence during the succeeding elections of 1939, 1944 and 1948. From 1936 to 1939 he served as deputy speaker of the legislature. From 1940 to 1949 he was chairman of the New Brunswick Electric Power Commission and from 1949 to 1952 secretary-treasurer in the provincial government.

Although his career as a member of this parliament was regrettably brief, Mr. Boucher made a substantial contribution to several of the committees of this house. As was natural because of his background and experience in those fields, his views were very helpful to the committees on printing, public accounts, and banking and commerce. He was also an effective member of other committees, including that on railways, canals and telegraph lines and the committee on mines, forests and waters. Unfortunately, his failing health did not permit him to take the active part in our debates which he would have liked.

I feel confident that all members will join with me, Mr. Speaker, in expressing our sincere regret at the loss of a member whose knowledge and experience we all appreciated and in extending our sincere condolences to Mrs. Boucher and the other members of the family in their bereavement.

(*Translation*):

Our friend Gaspard Boucher, who for many years was prominent in the field of public affairs, was also particularly devoted to the interests of the French-speaking citizens of his province. He will be remembered as a Canadian who faithfully and worthily represented his fellow citizens both in the New Brunswick legislature and in this house where, unfortunately, his failing health these past few years prevented him from being as active as he had been.

May we again extend to his wife and his family our deepest sympathy on the occasion of their bereavement.

(*Text*):

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to join with the Prime Minister and the other members of this house in expressing heartfelt sympathy to the widow and children of Mr. Boucher in the sad loss they have suffered. It does come home to us on an occasion of this kind that, with whatever political opinions we may seek to express our services in this house, there is a close and intimate association amongst the members, which finds very clear and deep expression at this time. Like so many of the other members in the house, Mr. Boucher was a man of wide and long experience, not only in the provincial legislature, but in the many local activities which contribute so much to the strength of the life of the whole nation. He was very active in those local enterprises which advance the health and strength and interest of young people, as well as in those social organizations which play their important part in the building of the character of every community. On an occasion like this it seems that it is extremely difficult to use words which in themselves convey to those who have been bereaved the sentiments we feel. I feel sure that in joining with the remarks of the Prime Minister (Mr. St. Laurent) and in extending to him and his colleagues our sympathy in their loss, we may also express the hope that for Mrs. Boucher and his children there will be some real measure of comfort in the knowledge that those who have been associated with him in the House of Commons are thinking of them at this time.

The late J. G. Boucher

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, it was only just as I came into the building a few minutes ago that I learned the sad news of Mr. Boucher's passing. I want to join with the Prime Minister (Mr. St. Laurent) and with the Leader of the Opposition (Mr. Drew) in expressing to Mrs. Boucher and her family our sympathy in their sorrow. I would also couple with that remark our sympathy to the Prime Minister and the members of the party with which Mr. Boucher was associated in the loss of a colleague.

I did not know Mr. Boucher well. He has been here, of course, for only a year and a half and in that time one does not get to know all of the members of the house. But from what I know of him—and I met him casually two or three times—I thought he was a fine gentleman who would have made a real contribution in this parliament had he been permitted to do so.

Mr. Solon E. Low (Peace River): Mr. Speaker, it is always a matter of great regret when members of our association here in parliament pass on. Especially is that so when members with such broad experience as that of Mr. Boucher are called prematurely, it seems, into the next phase of existence. We join with the Prime Minister (Mr. St. Laurent) in expressing sympathy to the wife and the family of Mr. Boucher. While I did not know Mr. Boucher too well, I was associated with him in the banking and commerce committee. If he had been privileged to live longer, I think he would have made a real contribution in this house, in view of his sincerity and the great background of experience that he had had in his native province of New Brunswick. We also express our sympathy to the Prime Minister and his party in the loss of a devoted follower.

Mr. A. W. Stuart (Charlotte): Mr. Speaker, those who have spoken with reference to the passing of our good friend Gaspard Boucher have paid him a fine tribute; but on behalf of the Liberal members from the province of New Brunswick I should just like to add a few words. I have known Gaspard Boucher for about thirty years, and I can say that few men in the province of New Brunswick have given more of their life for the benefit of their fellow men than has Gaspard Boucher. He was a most valued member of our provincial legislature for many years. As has been said, he was deputy speaker. He was then chairman of the New Brunswick hydro commission. For the last few years he was a provincial member he was our provincial secretary treasurer. On behalf of the members from New Brunswick I should like to extend sincere sympathy to Mrs. Boucher and her family. We realize at this time that the counties and the province which he represented have lost a fine citizen.

PRIVILEGE

MR. DREW—REFERENCE TO SPEECH MADE BY MINISTER OF CITIZENSHIP AND IMMIGRATION

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, on a question of privilege, I would express the hope that the Minister of Citizenship and Immigration (Mr. Pickersgill) will avail himself of the opportunity afforded at this time to explain to the house if the sharp drop in immigration in the past few months is the administrative expression of the new immigration policy which he enunciated in Victoria last Tuesday.

Mr. Speaker: This matter really does not come within the realm of privilege. I would hope that an opportunity will be given soon for both the Leader of the Opposition and the minister to air their opinions on this question.

[*Later:*]

Mr. Drew: Mr. Speaker, before the orders of the day are called I wish to ask the Minister of Citizenship and Immigration if it is his intention to amplify and to explain to the house the surprising statement of policy he made last week in Victoria.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, if I have your permission, I think the easiest way I can do it would be to read a letter I addressed this morning to the hon. member for Broadview (Mr. Hees), which I hope he has received. It reads as follows:

Dear Mr. Hees:

Mr. Fraser (Peterborough): The mails are not that fast.

Mr. Pickersgill:

Judging from the attention you have given to reports of a speech I made in Victoria last week, I assume the extract you cited is going to find a place in the literature of the Progressive Conservative party.

Mr. Ferguson: It does not need to be; it is all over Canada now. You made a perfect mess of it.

Mr. Pickersgill: Perhaps if the hon. gentleman would listen, I could complete the reading of this letter.

If that is correct, I am sure you will want to quote the full sentence, from which the extract was taken.

It went like this:

An hon. Member: Music. Let us have the first bar.

Mr. Ferguson: The first stanza.

Mr. Pickersgill: Yes, this is the second stanza.

"We all want to increase the population of this country—"

Mr. Ferguson: I agree with that.

Mr. Pickersgill:

—and for that purpose if they are equally good people—

And I think I might repeat that phrase: "If they are equally good people"—

—I don't believe that any immigrant, no matter where he comes from or how good he is, is as good as another Canadian baby, because the immigrant has to learn to be a Canadian and the baby is a Canadian to start with."

Now, sir, the Leader of the Opposition asked me to amplify what I had said. I think I can illustrate my point very well by saying that I have no doubt the hon. member for Broadview was a beautiful baby, but I would never think of comparing him favourably with my hon. friend from Victoria, British Columbia (Mr. Fairey), whose guest I was when I made this statement, and who is an immigrant, and a very good Canadian.

Mr. Drew: Mr. Speaker, I do regret that in a matter of such importance as this the minister should have seen fit to answer the question by quoting a letter in which he chose to put this on a strictly political ground.

This subject, after all, is one which relates to the feelings toward Canada of a great many people in this country. I feel sure the minister will recognize that there has been no attempt to deal unfairly with a statement which obviously was contracted in the reporting. I would have hoped that a statement which can only give concern to so many people who have chosen this country as their home would have received a more adequate explanation from the minister, and would not have been reduced to the basis upon which the minister has put it. However, since he has reduced it to that position, I would hope that he would remember that Sir John A. Macdonald was an immigrant to this country.

Mr. Michener: Would the minister consider the desirability of changing the name of his portfolio to that of minister of citizenship and propagation?

MR. COLDWELL—REFERENCE TO PRESS REPORTS OF SPEECH BY MINISTER OF FINANCE

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I rise on what amounts to a question of personal privilege. The radio and the press over the week end have carried a story that the Minister of Finance, when speaking in Toronto on Saturday night, made what is a serious allegation. In discussing the expulsion of certain Trotskyites from the C.C.F.—may I say that no organization in Canada has been more careful to expel communists when we discovered them within the C.C.F.—he said similar charges could be laid against some C.C.F. federal members. I am a C.C.F. federal member. I ask the minister to name the federal members to whom he refers.

Hon. W. E. Harris (Minister of Finance): Mr. Speaker, speaking on the question of privilege, may I say that what my hon. friend read from, of course, was a report of a meeting but it was a report without any quotation marks around it. Had he asked me to say here what I said there, I would have obliged him. The report is not accurate in saying that I said that any members of his party in this house were Trotskyites.

Mr. Coldwell: The press phoned me yesterday and told me that.

Mr. Harris: I am not saying that the press did not attempt to quote what I said. I merely say that in the report there are no quotation marks whatever. If my hon. friend wants a short explanation of what I said, I should be glad to oblige. I regret that the hon. member for Nanaimo (Mr. Cameron) is not in his place. My remarks were prompted by a letter which he wrote on the subject of the expulsion of these people. If my hon. friends in the house will permit me to do so, I should like to read extracts from the letter which appeared in the press.

Mr. Coldwell: The minister had better read the whole letter.

Mr. Harris: I am sorry, but I am not able to do so. I can read only the part of the letter which appeared in the press. I will read exactly what appeared in the press. It appeared in two different newspapers. I quote first from the *Star* of April 7:

Paddy Stanton, one of the purged, produced as evidence in his favour a letter from Colin Cameron, M.P. for Nanaimo . . .

Mr. Cameron said he viewed with alarm attempts to rid the C.C.F. of—

And these words are in quotation marks:

—"those difficult persons who ask awkward questions; those exasperating people who play the role of watchdog and bark at our heels whenever in their view we tend to stray too far from the socialist path on which we set our feet twenty years ago".

That is the end of the quotation. Then in the *Telegram* of the same day there is a somewhat extended report which reads as follows:

Colin Cameron, M.P. Nanaimo, urged the convention to—

And these words are in quotation marks:

—"consider very carefully before depriving the C.C.F. of Stanton's talents".

That is the end of the quotation. The article continues:

In a letter he said—

And the following is within quotation marks:

—"I do not for one moment deny that he can be the most exasperating creature. Nor do I deny that he has very little of what most of us would call practical political sense.

But that is not the function of the Paddy Stantons of this world. Theirs is the role of goads, spurs, prickly thorns in the flesh of our complacency".

That is the end of the quotation. The story goes on as follows:

He numbered Stanton among those people who—

And the following is within quotation marks:

—"play the role of watchdog and bark at our heels whenever in their view we tend to stray too far from the socialist path." He said Stanton was "an agitator, a rabble rouser and an embarrassment to all respectable conventional people" but he had a socialist message "delivered in terms that the man in the factory can understand and appreciate".

With that in mind, Mr. Speaker, on reading it over, it occurred to me that that was a rather fair description of the man who wrote the letter. That is the implication I had in mind in what I said.

Mr. Coldwell: Mr. Speaker, may I say that is entirely different, that the man to whom the hon. member for Nanaimo referred had not yet been labelled as a Trotskyite, and that the inference against the hon. member for Nanaimo is one with which I think he himself will have to deal. I am extremely sorry—as is the minister, I am sure—that he is not in the house at this time. The thing that surprised me is that a minister for whom I had a great deal of respect should stoop to the level of smearing.

ATOMIC ENERGY

RESOLUTION OF NORTH ATLANTIC COUNCIL APPROVING AGREEMENT FOR CO-OPERATION REGARDING INFORMATION

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I am tabling copies in English and French of a resolution of the North Atlantic council approving the draft text of an agreement for co-operation regarding atomic information and recommending to member governments that they take action, in accordance with their own national requirements, with a view to the conclusion of the agreement. The draft text of the agreement is appended to the resolution.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 329, for the relief of Maureen Demers Kezber.—Mr. Hunter.

[Mr. Harris.]

Bill No. 330, for the relief of Eva Levine Shapiro.—Mr. Hunter.

Bill No. 331, for the relief of Rejane Plamondon Levine.—Mr. Hunter.

Bill No. 332, for the relief of Marie Irma Marquette Lalonde.—Mr. Hunter.

Bill No. 333, for the relief of Marion Tannenbaum Rabow.—Mr. Hunter.

Bill No. 334, for the relief of Walter Williamson.—Mr. Hunter.

Bill No. 335, for the relief of Eileen Beatrice Sloan Douglas.—Mr. Hunter.

Bill No. 336, for the relief of Madelyn Jane Picard Gilbert.—Mr. Hunter.

Bill No. 337, for the relief of George James Marshall.—Mr. Hunter.

Bill No. 338, for the relief of Luigi Martellino, otherwise known as Louis Martellino. —Mr. Hunter.

Bill No. 339, for the relief of Bernice Balinsky Friedman.—Mr. Hunter.

Bill No. 340, for the relief of Rose Marie Lescarbeau Deschenes.—Mr. Hunter.

Bill No. 341, for the relief of Florence Aleatha Geraldine Hamilton Gardner.—Mr. Hunter.

Bill No. 342, for the relief of Mary Veronica Hamilton Campbell.—Mr. Hunter.

Bill No. 343, for the relief of Aba Awner. —Mr. Hunter.

Bill No. 344, for the relief of Grace Elizabeth Sinclair Peterkin.—Mr. Hunter.

Bill No. 345, for the relief of Sybil Lavine Markowitz.—Mr. Hunter.

Bill No. 346, for the relief of Gabriel Boisclair.—Mr. Hunter.

Bill No. 347, for the relief of Betty Weiner Schwartz.—Mr. Hunter.

Bill No. 348, for the relief of Lili Gourd Lajeunesse.—Mr. Hunter.

QUESTIONS

ARMED SERVICES—THEFTS

Mr. Argue:

1. Are any investigations into thefts in the armed services presently being conducted? If so, how many?

2. What is the nature of each such investigation?

Mr. Campney:

1. Yes. Aside from petty thefts, there are 11 investigations in progress.

2. Service police are co-operating with other law enforcement agencies in the following investigations: Provincial and municipal police are investigating the theft of a projector, a typewriter and socks from the mess office at St. Eustache, Quebec. Provincial police are investigating the theft of

clothing from quartermaster stores at Barriefield, Ontario. Vancouver police are investigating the theft of bedding from barracks in North Jericho, British Columbia. Provincial and municipal police are investigating the thefts of blankets from a storeroom in London, Ontario. Toronto police are investigating the theft of a camera stolen from a naval photographer while on duty in that city. The R.C.M.P. are investigating the theft of stores, including hand tools, from No. 11 works company in the British Columbia area. At Halifax, the R.C.M.P. are investigating the theft of paint brushes at the dockyard. The R.C.M.P. are investigating the theft of cable from a compound in Fredericton, New Brunswick. Montreal police are investigating the theft of a movie projector belonging to a C.O.T.C. unit from the Y.M.C.A. checkroom in Montreal. R.C.A.F. police are investigating the theft of tools at Claresholm, Alberta. The R.C.M.P. is investigating the theft of wheel assemblies from a maintenance lot in Abbotsford, British Columbia.

ARMED SERVICES—IRREGULARITIES

Mr. Argue:

1. How many complaints, if any, have been received concerning irregularities or thefts in any branch of the armed services?
2. Have any investigations been completed into such irregularities?
3. If so, what was the nature of the report made following each investigation?

Mr. Campney:

1. Since November 26, 1952, 23 complaints alleging irregularities have been received.

2. Yes, 22.

3. With respect to 18 of these complaints, the following observations may be made. As far as could be determined from thorough investigations by service police and, in some instances, civil police, R.C.M.P. and the chief auditor, 13 complaints were found to be without foundation; four of these complaints indicated a possible malicious intent. Investigation into an additional four complaints revealed that, in fact, these complaints were not warranted; two of them appear to have been made by eccentrics. One complaint received was not sufficiently specific to make an investigation possible.

With respect to the remaining four complaints of the 22 complaints in which investigations have been completed:

(1) Following an R.C.M.P. investigation into a complaint alleging discrimination in the letting of trucking business at Hagersville, Ontario, an officer and a warrant officer were brought before the civil criminal courts; the charges were subsequently dismissed by the supreme court of Ontario.

(2) Following an R.M.C.P. investigation into a complaint about the handling of trucking tenders at Camp Shilo, Manitoba, a report was submitted to the attorney general of the province of Manitoba, who found that there was insufficient evidence on which to prosecute. A warrant officer was removed from his position.

(3) Following an R.C.M.P. investigation into a complaint of irregularities at Moncton, New Brunswick, a flight sergeant and two civilians were charged with obtaining the sum of $1,066 by forging invoices. The flight sergeant was sentenced to three months imprisonment and released from the service. The two civilians were given five years suspended sentence. The sum of $807 was restored to the crown.

(4) Following an investigation by service authorities into a complaint alleging irregularities at Camp Petawawa, Ontario, three officers were disciplined for misuse of transport on two occasions. An allegation that civilian labourers were being asked to work too much overtime was substantiated in only one case since overtime is the normal practice during the summer training period. Other allegations were thoroughly investigated and no evidence was found to substantiate them.

ARMED FORCES IDENTIFICATION BUREAU

Mr. Harkness:

1. How long has the Canadian armed forces identification bureau been in operation?
2. How many persons have been employed in it each year since its inception?
3. What has been the total cost of this bureau to date?
4. What backlog of unclassified fingerprints exists and, if this backlog is increasing, what is the rate of increase?
5. How many men would be required, and how long would it take to catch up with the backlog and to put the identification bureau on an efficient and useful basis?

Mr. Campney:

1. The Canadian armed forces identification bureau has been in operation since 1947.

2. 1947, 13; 1948, 13; 1949, 16; 1950, 40; 1951, 40; 1952, 40; 1953, 41; 1954, 45; 1955, 47.

3. Approximately $988,000.

4 and 5. The Canadian armed forces identification bureau is responsible for the provision of identification cards and assisting with security checks. Existing staff is carrying out these functions satisfactorily and is keeping abreast of current demands.

In October 1954 the bureau adopted the R.C.M.P. system of fingerprint formula classification. Since that time all fingerprints have been classified according to this system. Fingerprint records made before October 1954, which include all wartime fingerprint

records, are not classified according to the R.C.M.P. system. To reclassify previous records would require the present staff to be multiplied several times over and would take perhaps a year. However, it has not yet been determined that a complete reclassification would be warranted in the light of the costs involved.

C.N.R. ACCOUNTING DEPARTMENT

Mr. Hodgson:

1. Were any new jobs created in the accounting department of the Canadian National Railways in the years 1953 and 1954?
2. If so, how many?
3. What is the monthly rate of pay for each of these jobs?

Mr. Langlois (Gaspe):

1. The Canadian National Railways advise that the organization of any department of the railway is a matter of internal operation, and it is not the policy of the management to make public such information.

2 and 3. Answered by No. 1.

WHEAT MARKETING POINTS, WESTERN PROVINCES

Mr. Diefenbaker:

1. How many wheat marketing points are there in each of the provinces of Manitoba, Saskatchewan and Alberta?
2. In how many of these shipping points in each of the provinces does the car order book operate?

Mr. Dickey:

1. There are 378 points in Manitoba, 1,106 points in Saskatchewan, and 590 points in Alberta from which western grain may be shipped.

2. Section 61 of the Canada Grain Act provides that all railway companies furnish car order books to their agents at each point from which western grain may be shipped. Car order books become operative when applications are made in them for cars under section 62 of the Canada Grain Act. They may be in operation for a short period and then cease to operate when all applications are filled. No record is kept, therefore, of points where car order books are in operation.

IMMIGRATION

Mr. Bell:

What is the total of all immigrants landed in Canada since January 1, 1950, at (a) Saint John, New Brunswick; (b) Halifax, Nova Scotia; (c) all other ports?

Mr. Pickersgill:

(a) Saint John, N.B.	21,582
(b) Halifax, N.S.	292,632
(c) All other ports	441,682
Total	755,896

[Mr. Campney.]

PRIVATE CARS, C.N.R.

Mr. Diefenbaker:

1. How many private, business or official cars, for the use of officials or executives of the Canadian National Railways since the 1st day of January, 1953, have been manufactured by the railway plants or purchased for the Canadian National Railways?
2. What was the cost including alterations of each of said cars?
3. Are any of such cars still under construction? If so, how many, and what is the estimated cost thereof?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows: 1. No private, business or official cars for the use of officials or executives of the Canadian National Railways have been manufactured by railway plants or purchased for Canadian National Railways since January 1, 1953. Since that date two obsolete passenger cars, which have been replaced, were converted to business cars in company shops, replacing two units no longer efficient or safe for use in service.

2. Cost of conversion was approximately $127,000 for each car and this represents the total cost as prior to conversion the cars had been retired and written off.

3. No.

POST OFFICE DEPARTMENT—SEALS

Mr. Monteith:

1. How many contracts have been let for lead seals for the Post Office Department in the last two years?
2. How many lead seals were involved in each contract?
3. What was the name of the successful bidder in each contract and what was the bid per 1,000 seals?

Mr. Kirk (Shelburne-Yarmouth-Clare):

1. 7.

2 and 3. 1953 January 30; Federated Metals Canada Ltd., Montreal, P.Q., 1,000,000 seals, $3.61 per 1,000; Union Metal Co. Ltd., Winnipeg, Man., 1,000,000 seals, $3.35 per 1,000;

September 3: Union Metal Co. Ltd., Winnipeg, Man., 1,000,000 seals, $3.30 per 1,000; Mayer Sealing Devices, Montreal, P.Q., 1,000,000 seals, $3.36 per 1,000.

1954 February 16: Union Metal Co. Ltd., Winnipeg, Man., 1,000,000 seals, $3.20 per 1,000; Mayer Sealing Devices, Montreal, P.Q., 1,000,000 seals, $3.36 per 1,000.

November 30: Mayer Sealing Devices, Montreal, P.Q., 2,000,000 seals, $3.61 per 1,000.

AIRDROMES—CORRECTION OF ANSWER GIVEN ON APRIL 1 TO MEMBER FOR QUEENS

Mr. Langlois (Gaspe): Mr. Speaker, I regret that it has been found on rechecking that the answer appearing in *Hansard* of April 6, 1955,

page 2860, to a question by the hon. member for Queens regarding airports in Canada used by scheduled airlines as scheduled stops was incomplete, and I now have the corrected answer.

Airports in Canada used by scheduled air lines as scheduled stops:

Department of Transport—Charlottetown, P.E.I.; Penticton, B.C.; Fort Resolution, N.W.T.; Quebec, P.Q.; Lakehead, Ont.; Saskatoon.; Hay River, N.W.T.; Swift Current, Sask., Lethbridge, Alta.; Toronto (Malton) Ont.; Montreal, Que.; Winnipeg, Man.; Norman Wells, N.W.T.; Yellowknife, N.W.T.; Prince George, B.C.; North Bay, Ont.; Fort St. John, B.C.; Providence, N.W.T.; Fort Smith, N.W.T.; Regina, Sask.; Grande Prairie, Alta.; Seven Islands, P.Q.; Kimberley, B.C.; The Pas, Man.; Moncton, N.B.; Windsor, Ont.; Muskoka, Ont.; Yarmouth, N.S.; Yorkton, Sask.; Ottawa (Uplands), Ont.; Fort McMurray, Alta., Port Hardy, B.C.; Fort Simpson, N.W.T.; Quesnel, B.C.; Gander, Nfld.; Sandspit, B.C.; Kapuskasing, Ont.; Sydney, N.S.; London, Ont.; Victoria, B.C.; Mont Joli, Que; Wrigley, N.W.T.; North Battleford, Sask.; Earlton, Ont.

Department of National Defence—Comox, B.C.; Val d'Or, P.Q.; Halifax, N.S.; Yorkton, Sask.; Summerside, P.E.I.; Goose, Nfld.; Whitehorse, Y.T.; Bagotville, P.Q.; Fort Nelson, B.C.; Watson Lake, Y.T.; St. John's, Nfld.

Municipalities—Baie Comeau, P.Q.; Moose Jaw, Sask.; Cranbrook, B.C.; Prince Albert, Sask.; Edmonton, Alta.; Saint John, N.B.; Fort Vermilion, Alta.; Trail, B.C.; Lloydminster, Sask.; Williams Lake, B.C.; Medicine Hat, Alta.; Castlegar, B.C.; Peace River, Alta.; Dawson Creek, B.C.; Rouyn (Noranda), Que.; Forestville, Que.; Timmins, Ont.; Kamloops, B.C.; Westview, B.C.; Calgary, Alta.; New Glasgow, N.S., Dauphin, Man.; Rimouski, Que.; Flin Flon, Man.; Sudbury, Ont.; Fredericton, N.B.; Vancouver, B.C.; Matane, P.Q.

Other bodies—Brandon, Man., City of Brandon flying club; Dawson City, Y.T., Govt. of Yukon Territory; Mayo, Y.T., Govt. of Yukon Territory; Red Lake, Ont., used by Central Northern Airways (under negotiation); Stephenville, Nfld., United States air force; Uranium City, Sask., Eldorado Mining and Refining.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ARMED FORCES—FIRES

Mr. Argue:

1. How many fires have occurred in the works services department or at army stores depots in each month since November 26, 1952?
2. What was the location of each fire and the damage in each case?
3. On what dates was the inventory taken at each place where a fire occurred?

Inquiries of the Ministry

ARMED FORCES ENLISTMENTS, QUEBEC

Mr. Boisvert:

How many enlistments have there been in the province of Quebec (a) army; (b) navy; (c) air force, for each year since 1949?

PRINTING BUREAU

Mr. Harkness:

1. What has been the total cost of the new printing bureau in Hull to date, including cost of land, construction and equipment?
2. When is the printing bureau to be transferred to this new building?
3. What new machinery has been installed in the new building to date?
4. Are the floors sufficiently strong to take the weight of the machinery which has been, or is to be installed?
5. Has any strengthening of the floors been done and what has been the cost?

Mr. Pinard: Return tabled.

FIRE BOATS

Mr. Bell:

1. What ports in Canada have fire boats or similar facilities?
2. What are these facilities, and by whom provided?

LABOUR CONDITIONS

STRIKE OF GRAIN HANDLERS AT LAKEHEAD

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Minister of Labour. What is being done to bring about an early settlement of the strike of lakehead grain handlers in order to prevent economic unsettlement and serious distress in the marketing of wheat and other farm products on the prairies?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, the hon. member for Assiniboia (Mr. Argue) sent me notice this morning of a similar question, part of which corresponds with the question of the hon. member for Prince Albert. In view of the importance of this matter I would ask that I might have the opportunity to give a little of the background of this dispute, one that I assure you has been causing my department concern now for a good many months.

The last agreement which was in effect between local 650 of the brotherhood of railway and steamship clerks, freight handlers, express and station employees and the lakehead terminal elevators association, representing elevator companies at Fort William and Port Arthur, was for a period of one year, terminating December 31, 1953. Pursuant to the terms of the collective agreement, local 650 of the brotherhood gave notice to the association that it wished to revise the agreement increasing wage rates and improving working conditions. Following this notice, the

negotiating committees of the association and the local carried out direct negotiations subsequent to the termination date, but little progress toward a settlement was made.

On March 24, 1954, the lakehead terminal elevators association requested me to appoint a conciliation officer to deal with matters in dispute between the parties. The department's senior conciliation officer in Winnipeg was appointed on March 29, 1954. On June 11 the conciliation officer reported that he was unable to effect a settlement of the dispute, and on June 21 I established a conciliation board to deal further with the dispute. The board was fully constituted on July 19, 1954, with His Honour Judge Dowler of Port Arthur as chairman.

The board directed its efforts towards getting the parties back into negotiations on the issues in dispute with the result that on December 16, 1954, it was able to report that the parties "had been successful in settling all the issues except wages." On this issue the brotherhood had requested that the base rate paid at the lakehead be increased to the level of the wage rate paid by Vancouver elevator companies, with an additional 10 cents per hour to compensate for the dust hazard. On December 16, 1954, I received the report of the conciliation board, signed by the chairman and the nominee of the brotherhood, recommending a general increase of 3 per cent for all classifications affected.

Following receipt by the parties of copies of the report of the board, which I conveyed to them, the brotherhood advised me that the board's recommendation was unacceptable. The association of employers, in view of the decision of the brotherhood, did not express any view on the board's recommendation. Subsequently, my department arranged a further meeting between representatives of the parties in Ottawa on February 15. Some progress was made and a further meeting was arranged for a later date at the lakehead. This meeting was held but adjourned without results. A further conference between the parties initiated by the Canadian vice president of the brotherhood was held at Fort William on March 29, but no further progress towards a settlement was made.

My department was subsequently informed that a strike vote would be taken and immediately on receipt of the result of such vote I appointed Mr. Eric Taylor of Toronto as mediator to confer with the parties and use his best efforts to bring them into agreement. Advice to this effect was conveyed to the parties on April 13.

There was some indication that a strike would not take place until the parties had met with the mediator, and meetings with them were accordingly arranged by him to take place on Tuesday morning, April 19—that is tomorrow morning. When it was learned on Saturday, April 16, that the employees had initiated strike action, Mr. Taylor proceeded at once to the lakehead and is now actively engaged in efforts to resolve the dispute and obtain a resumption of operations.

Mr. Diefenbaker: In view of the serious possibilities connected with this strike, would the minister not consider personally going to Fort William to see whether or not he could bring these people together? It has serious possibilities to the west and to the economy in general.

Mr. Gregg: All I can say is that the minister and his department will leave nothing undone that they think will help towards a settlement of this dispute. It was only on Saturday that Mr. Taylor flew to the head of the lakes. Although yesterday was Sunday, he was able to get in touch with some members of the parties concerned and he is holding aggressive, active discussions with them on this day, the 18th. I think we might see what happens there. I will be very glad to report to the house as we go on from here.

REPORTED UNEMPLOYMENT CONDITION AT SEVEN ISLANDS, QUEBEC

On the orders of the day:

Mr. J. W. Noseworthy (York South): Mr. Speaker, may I ask a question of the Minister of Labour. I regret I did not send him notice, but I do not think he will need it. Will the minister tell the house what action, if any, the government is taking with regard to a condition of unemployment reported at Seven Islands where 600 employees are reported to be looking for work, which will not be available for some weeks to come?

Hon. Milton F. Gregg (Minister of Labour): I am very glad to reassure my hon. friend and the house that that situation is not as was reported over the week end. This morning I had a discussion with the hon. member for Saguenay (Mr. Brisson), in whose constituency Seven Islands is located; and I have also had reports from our Montreal office of the unemployment insurance commission which, over the week end, was in touch with the management of the employment office, and I find that instead of there being 600 new Canadians assembled there, who are unemployed, there are 448 applicants for employment at the present time in that office, of whom 80 are new Canadians. They have assembled there, in small groups, from various

parts of Canada, mainly from the St. Lawrence valley, during the last few weeks.

It was suggested that they go there so as to be in plenty of time to be taken on or to get their applications in when hiring takes place. Unfortunately hiring will not begin until May 15. However, even that number, though small, is nevertheless important. I am glad to say that the situation is well in hand and that the Montreal office and the local office are well able to cope with it. There is no trouble.

But this does again give a clear indication of the importance of personnel—new Canadians or old, who are urgently seeking work—checking in at the nearest employment office to make sure that the alleged employment elsewhere is a reality rather than a rumour.

CANADIAN NATIONAL RAILWAYS

REPORTED LAY-OFFS AT LEASIDE AND WINNIPEG

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Has the attention of the Minister of Transport been called to the fact that quite short notice has been given to Canadian National Railways employees in the repair shops at Leaside, indicating that their employment will either cease or they must move to London or Montreal? Has he investigated whether the closing of this type of shop is really necessary in the interests of efficiency and economy?

Hon. George C. Marler (Minister of Transport): I shall take my hon. friend's question as notice and look into the matter.

Mr. Alistair Stewart (Winnipeg North): May I ask a supplementary question in that regard? Can the minister give the house some information as to the projected lay-offs which are going to take place in the Canadian National shops at Winnipeg?

DEFENCE PRODUCTION

CF-105—REPORTED DELAY IN PRODUCTION PROGRAM

On the orders of the day:

Mr. J. W. Noseworthy (York South): May I direct a question to the Acting Minister of Defence Production or his parliamentary assistant? Will the minister comment on a statement made at an Avro workers' meeting in Toronto on Sunday to the effect that production of the CF-105 was being delayed and unemployment created through lack of necessary tools?

Hon. Robert H. Winters (Acting Minister of Defence Production): I have not seen the statement in question, but if there has been one I know of no grounds for its validity.

GRAIN

SUGGESTED REDUCTION IN STORAGE PAYMENTS AT ELEVATORS AFFECTED BY STRIKE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Can the minister say whether the regular storage payments at the terminal elevators affected by the strike have been reduced, as I believe was the policy in a previous strike?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): Perhaps, as Acting Minister of Trade and Commerce, I might answer that. I have not had the opportunity of going fully into this matter, but storage rates have not been reduced. At the moment this is a matter between the wheat board and the operators, but it is one upon which we are in touch with the wheat board.

Mr. Argue: Is the minister also in touch with the board of grain commissioners relative to the same subject?

Mr. Winters: Yes, Mr. Speaker.

WHEAT—REQUEST FOR STATEMENT AS TO FINAL PAYMENT

On the orders of the day:

Mr. W. M. Johnson (Kindersley): The question I was going to ask is slightly different from that asked by the hon. member for Yorkton. Is it the intention of the government, by an immediate statement, to carry out the commitment made by the Minister of Trade and Commerce that the final payment for wheat would be announced before seeding?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): I read the question as it was submitted to me, Mr. Speaker, and it refers to a commitment. I may say I have not been able to find any record of a commitment, but in referring to the various *Hansards* I find that on April 1, in answer to a question by the hon. member for Prince Albert, the Minister of Trade and Commerce stated that the announcement would be made as soon as the figures became available from the Canadian wheat board. He indicated that would probably be in three or four weeks from that date, and a reply in the same tone was given on March 14 to the hon. member for Assiniboia.

The Minister of Trade and Commerce plans to return early in May and I expect he will make a statement shortly thereafter. I may

say that the board is making excellent progress in mailing out cheques on the barley and oats payments which were announced on March 14 and 18 respectively. The barley cheques are going out first, and they will be completed this week. They will be followed by the oats cheques.

Mr. H. R. Argue (Assiniboia): I wonder if the minister might not consider the very serious financial plight of western farmers and make an announcement before the return of the Minister of Trade and Commerce?

PRAIRIE FARM ASSISTANCE

REQUEST FOR STATEMENT AS TO PAYMENTS

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to direct a question to the Minister of Agriculture, or in his absence his parliamentary assistant. Can he give information to the house as to when farmers may expect payments under the Prairie Farm Assistance Act? Spring has come and this money is urgently needed for fuel and seed, and there are many areas in which no payments have been received.

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): I have received a question from the hon. member for Kindersley which is along the same line, and which reads as follows:

Is it the intention of the government, by an immediate statement, to carry out the commitment made by the Minister of Trade and Commerce that the final payment for wheat would be announced before seeding?

Mr. Coldwell: Those are two different matters.

Mr. Winters: I beg your pardon.

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): I cannot answer the question asked by the hon. member for Yorkton, but I shall look into the matter and see if an answer can be given in a few days.

PIPE LINES

TRANS-CANADA PIPE LINES LIMITED—PIPE LINE TO WINNIPEG

On the orders of the day:

Mr. O. C. Trainor (Winnipeg South): May I be permitted to direct a question to the Prime Minister? I do so in the absence of the Minister of Trade and Commerce. Has the government received any request from Trans-Canada Pipe Lines for a permit to construct a gas pipe line from Alberta to Winnipeg, with a request also to export to the Minneapolis and St. Paul's areas?

[Mr. Winters.]

Right Hon. L. S. St. Laurent (Prime Minister): There has been no recent request from Trans-Canada Pipe Lines. There was included in the original plan a provision for the exportation of a certain amount of natural gas to the United States, but there has been no recent application.

NATIONAL DEFENCE

INQUIRY AS TO FIRE AT ROCKCLIFFE BARRACKS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Has the Minister of National Defence any statement to make to the house concerning the disastrous fire at Rockcliffe airport?

Hon. R. O. Campney (Minister of National Defence): I believe the facts with reference to this very regrettable fire have been fairly well covered by the press, but I might add a few observations.

As everyone knows, the fire took place at midnight on April 16, in barracks block 73, which is a second world war barrack block building, accommodating about 100 airmen. The station fire department arrived at the scene of the fire approximately two minutes after it was discovered by an airman.

Within a very few minutes they were joined by firemen from the Ottawa city fire department. Apparently there was adequate equipment, and it operated satisfactorily. It was almost 2 a.m. when the fire was finally brought under control. There was heavy damage to the south end of the east wing, and the washroom corridor on the second floor. The remainder of the building suffered water and smoke damage.

The evacuation alarm was sounded by the airman who discovered the fire, and he immediately began rousing others from their sleep. Intense smoke and heat however prevented anyone from entering the south end of the east wing on the second floor where the fire had originated. Some airmen did escape from this area through the windows but, most regrettably, two young airmen were trapped and died in the fire. Nine others received minor injuries.

The cause of the fire is as yet undetermined. An investigation is now under way by the Royal Canadian Air Force, the R.C.M.P., the Ontario fire marshal's office and the Ottawa fire department.

Mr. G. K. Fraser (Peterborough): I should like to ask the Minister of National Defence if his department is using fire resistant paint on buildings of that nature.

Mr. Campney: I cannot answer that question definitely in regard to this building. It is an old building, completed during world

war II. I know that we are studying fire resistant paint, but I also know that in some cases the use of fire resistant paint has not proven effective and it is quite expensive. I am not sure as to the extent to which we are actually using it.

Mr. Fraser (Peterborough): I would like to say that we have a report in connection with repairs to the library which shows that they are using fire resistant varnish in there. They hope it will help.

TRADE

OIL—REPLY OF UNITED STATES GOVERNMENT CONCERNING RESTRICTIONS ON IMPORTATION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): In the absence of the Minister of Trade and Commerce I wish to direct a question to the Prime Minister. I should like to know if the government is yet in a position to give to the house the reply of the government of the United States in answer to a statement sent to that goverment as reported to this house some time ago?

Right Hon. L. S. St. Laurent (Prime Minister): I shall have to inquire. I returned this morning, and I am sorry I did not communicate with the Department of External Affairs to ascertain whether or not any answer had been received. I shall have to do that before I can give a formal answer.

Mr. Drew: I wish to thank the Prime Minister for taking this as notice, but I would point out that this matter was regarded as sufficiently important for the minister to read to the house the message sent to the government of the United States, and I do think we should have the answer given by the government of the United States to that message.

NEW WESTMINSTER HARBOUR COMMISSIONERS

MEASURE AUTHORIZING LOANS OF $200,000 BY MINISTER OF FINANCE

The house in committee on Bill No. 187, respecting the New Westminster harbour commissioners—Mr. Marler—Mr. Robinson (Simcoe East) in the chair.

Clauses 1 to 4 inclusive agreed to.

Bill reported, read the third time and passed.

RAILWAY ACT

INCREASE IN ANNUAL APPROPRIATION TO GRADE CROSSING FUND

The house resumed, from Monday, March 21, consideration of the motion of Mr. Marler for the second reading of Bill No. 259, to amend the Railway Act.

Mr. R. H. Small (Danforth): Mr. Speaker, the amendments moved by the Minister of Transport on the motion for second reading of the bill that he suggested would remove the impediments to the operation of the act are now well known to us. Probably they will work out the way the minister has suggested with regard to five of the six proposals he presented, but the fifth, which limits the fund to $7 million, if the amount of the uncommitted balance is over $2 million on April 1 of any year, instead of being cumulative, indicates that this is a continuation of the sloth that made the momentum in accomplishment so sluggish and has brought about the consequent dissatisfaction with the board's present policy. It seems that the policy is to be the same, and I say the whole question should be examined.

I should like to refer to the statement of the minister that the board did not initiate projects, and that it acts only upon the petition of interested parties. The board should be in a position to initiate, and should not always leave to others the decision as to whether a project is needed, because the financial positions of some municipalities are such that many urgently needed projects will never be built. The board should be in a position to act on its own to protect the public.

At the time the board made an examination of the whole project they did not have the power to deal with the problem of unemployment that confronted this house last year. The minister said that unemployment was not one of the problems that confronted the board at that time, which is right; but since it has been injected into this arena—I mentioned it in debate the other day—it is a very important matter at the present time, and if the board had had the information at that time probably it would have introduced it as a subject to assist in solving our unemployment problem.

When the unemployment problem was considered some ten years ago the Minister of Trade and Commerce (Mr. Howe) suggested that shelves of work would be provided to take care of unemployment in the future, and that municipalities and provinces were to have shelves of work set aside for that purpose. That situation has now arrived. Such projects as grade separations and the protecting of crossings with safety devices are matters that lend themselves to consideration at this time. That was the reason why I introduced it in my remarks. I thought it would help to solve the problem of unemployment and would prevent grade crossing accidents, without making work just for the

sake of making work. This is a shelf of work that would lend itself to removing grade level crossing hazards and at the same time it would help to relieve unemployment next year.

It seems that all these problems are discussed or considered when we are right in the middle of them and nothing can be done. When the dominion-provincial conference meets, this question should be put on the agenda. The only reason why it was not considered by the board of transport commissioners when they were studying the question was that they were not asked to consider it.

Some papers made mention of the fact that there was no necessity to go into the whole problem because accidents were happening in remote sections of the country and also on grade crossings that were protected at the present time; therefore you could not take care of the indifference of the people who were driving, if they could not keep themselves out of accidents. I am not disregarding that point. It is quite true. But if the attitude were taken by industry, whether construction or manufacturing, that because of the indifference of the people no attention should be given to preventing accidents, I am quite sure we would have an appalling situation in the country. Because people are indifferent to the protection provided for them in accident prevention devices and disregard them is no reason why we should not continue to examine this problem which is causing concern to the people of Canada.

I am interested not only in unemployment but in the matter of safety regulations on the highways. This question has been touched on by some speakers. It should also be on the agenda of the dominion-provincial conference and should be tied in not only with safety on the highways but with an over-all accident prevention program. The whole question of safety should be studied, and standard regulations on the highways should be adopted so that all the people from Nova Scotia to British Columbia would be familiar with them and the safety regulations would all be the same. Then when tourists come to this country they could readily adapt themselves to the safety practices, precautions and devices that have been established.

These are some of the points that I thought should have been emphasized when the minister made his remarks on his motion for second reading. The unemployment factor and the factor of placing a limitation of $7 million on the fund are very important. The limitation on the fund is going to get us back into the position we were in formerly, and very little will be done. I am satisfied that while $5 million is a vast improvement, it will not take care of the situation that presents itself, nor will it solve our problems.

Mr. Claude Ellis (Regina City): I have a few comments to make because it seems to me that the principle of this bill is very important. There is a great job to be done in this country so far as the removal of level crossings is concerned not only from the standpoint of safety—because we all realize that there is a great toll in human lives each year from crossing accidents—but also from the standpoint of convenience. I know of many localities in Canada where the failure to provide for proper access from one side of a railway track to another has brought about serious inconvenience. I am thinking of my own constituency where on occasion traffic is held up for a considerable period of time owing to the passage of a particularly long freight train. I know that happens in this part of the country.

I recall going through the city of Brockville not long ago, and the traffic was held up in that place for some considerable time. So we are faced here with a grave problem. I suggest, Mr. Speaker, that the amount of money provided for this bill is totally inadequate even to come close to dealing with the problem. After all, this legislation must be judged in the light of its effectiveness in doing a job. When we realize the immensity of the job to be done, and when we look at the figure of $5 million, we appreciate how ineffective the legislation is going to be.

I suggest it is going to be ineffective, not only because of the paucity of the amount of money in the fund, but also because the municipalities are still to be called upon to bear a share, which not many of them are able to bear. I suggest that, in spite of the fact that these funds will now provide for a maximum of 60 per cent and that some arrangement may be reached with regard to the railroad's share, it is quite evident that a tremendous financial burden is going to be placed on the municipalities in this country. It does not matter what part of the country we consider, municipal councils and city councils have the same story to tell. The mill rate is now at an extremely high level and the municipal taxing authorities have gone as far as they can go. They are not able to undertake any appreciable expenditures of this kind.

Therefore, if the government suggests that through this legislation they are going to make any real attack on this problem, I think they have to give further consideration to the legislation. I do not know of any municipalities that are now in a position to

go to the board and ask that a particular project be undertaken, particularly when the average project in a city may involve an expenditure of a million dollars or more. The $5 million figure, I suggest, is in keeping with the procedure under which the money is made available, that the onus is on the municipalities. Instead of the board giving leadership, going out into the various parts of the country where the problem is most acute, and showing initiative, the initiative is going to have to be left to the municipalities, and not many municipalities are in a position at the present time to embark on an expenditure of a few hundred thousand dollars on a rail crossing project.

It seems to me that, in view of the position of the municipalities, if the government is anxious to bring about some improvement in the rail crossing problem in this country, then the government through the board is going to have to offer the leadership and supply most of the money. If that is not done, then I suggest that not many projects will be undertaken in the country at the present time. I want to repeat that there are not many municipalities in this country that are in a position today to go before the board with a recommended project and to proceed in the construction of that project when it is invariably going to cost them a good part of a million dollars on an average. So if the government is really anxious to do something about this problem, I suggest that the sum of money in the fund is going to have to be greatly increased; and secondly the board is going to have to be given wider latitude. It is going to have to be empowered to go out and seek to eradicate the problem where it is most serious and to take the initiative in proceeding with these projects. When I say "take the initiative", I suggest that it will of necessity involve offering to pay a larger share of the total cost than is provided for in the legislation.

There is one other matter which I wish to deal with. I touched on it on a previous occasion. I feel that, in view of the seriousness of the unemployment problem in Canada at the present time, the government should be casting about and seeking ways and means of providing employment and in so doing performing useful works throughout this country.

The hon. member for Danforth mentioned a moment ago the shelf of public works. We are familiar with the promises made by the government immediately after world war II, that, in the event that unemployment did come, the government would be prepared to provide employment through a shelf of public works. Since those public works have not materialized, I feel that here, in at least a small sphere, the government could do something to provide immediate employment.

I realize that with modern methods of construction not too many actual labourers are going to be employed on these projects, but I suggest that where projects of this type are undertaken it is going to be a shot in the arm to business in localities where projects are being undertaken, and that it is going to assist in the economic welfare of the community. There are communities in every part of Canada that have problems of this kind, and the government could be using legislation to provide necessary jobs in those localities.

I was quite surprised a few weeks ago when the minister was commenting on the precedent set in the 1930's, when sums of money were made available in some cases from the unemployment relief fund to the rail crossing fund, and the minister at that time suggested that the time was not ripe. I asked him on that occasion whether he did not feel that now is the proper time to put sufficient money into the fund to provide some jobs. I must say that I was quite amazed by the answer given by the minister when he told the house that the government did not consider that now was the appropriate time to do anything in this regard. Now, I am just wondering how serious the situation is going to have to get in this country before the government is prepared to undertake even a small measure of this kind.

After all, we can talk about unemployment, we can talk about the necessity of providing jobs, but here is one specific example of where the government could be doing some little thing at least towards providing employment; and yet they feel that now is not the appropriate time. They are prepared to wait until the unemployment situation, I presume, gets worse. So I want to urge the minister at this stage to give serious consideration to the suggestions which have been made and to reconsider his earlier answer that the time has not yet arrived when it might be deemed necessary or advisable to place in this fund additional sums of money with the specific purpose of making an attack on the unemployment problem to at least a small extent in some parts of the country. I want to urge the minister to consider very seriously just how effective this legislation is going to be. We all welcome the addition of $5 million, but at the same time we have to ask ourselves this question. As a result of this legislation, will grade separation projects be undertaken in this country? That is the acid test of the legislation. I suggest that under the present arrangement, where the municipalities are called

upon to pay an extremely heavy burden as part of the costs, not many subways are going to be built; and after all that is the real test of the legislation.

It is my considered opinion that if the government is willing to grant the board greater latitude and to permit it to enter into negotiations with the municipalities with a view to undertaking projects where perhaps the board would pay 100 per cent of the cost and relieve the municipalities in needy cases of any expense whatsoever, then we are going to do something about eliminating grade crossings in this country. But if we are simply going to pass the buck to the municipalities and limit the funds to $5 million and expect the municipality to come along with a few hundred thousand dollars to undertake the project, then this money is going to stay in the fund for some time. I can understand why the government decided that the money was not to be allowed to accumulate beyond $7 million. So I urge the government at this time to give some serious reconsideration to the bill in its present form and to bring forward the changes which, in my opinion, will make it more effective.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, this subject was quite broadly discussed during the resolution stage and I do not pretend that at this point one can add new considerations, but in connection with the problem there are several factors on which I should like to lay stress briefly this afternoon.

We have three principal aspects of the bill. First, there is the increase in the annual parliamentary contribution to the railway grade crossing fund from $1 million to $5 million. Second, there is the increase from 40 to 60 per cent which may be ordered by the board of transport commissioners to be paid out of that fund, toward the cost of construction work for the protection, safety and convenience of the public. Then, third, there is the increase from $150,000 to $300,000 in the ceiling on the contribution which may be paid out of the grade crossing fund to the cost of construction of any such project.

The measure has been welcomed in all parts of the house; indeed, Mr. Speaker, it has received warm approval as far as it goes. The discussion has been concerned largely with pointing out what may be inadequacies in it and with urging upon the government an increase in the provisions thus made.

The two features which have attracted attention in the discussion have been safety of the public and some assistance in the attack on the unemployment problem. Both of these are serious matters deserving of the highest degree of attention on the part of parliament. As to safety, one need not dwell at length on the huge economic cost of injuries and fatalities in crossing accidents. It is easy enough for us to think of investments on the part of the public and those others who are called upon to contribute substantial amounts to the cost of grade crossing projects. Against that consideration, however, must be placed, in redress of the ledger balance, the huge annual economic cost of fatalities and injuries inflicted year by year in crossing accidents which might otherwise be avoided; and that is quite apart from the anguish that is caused by reason of those fatalities and injuries.

In the excellent and comprehensive report which the board of transport commissioners submitted to the minister on this subject, they brought most of their figures down to the end of the year 1953. I have obtained some of the figures for the year 1954 with a view to bringing the information up to date. Out of the large numbers of injuries and fatalities in the course of railway accidents, these figures have been isolated as applicable to accidents arising at public highway crossings, regardless of the form of protection or whether protection there exists. In 1954 at public highway crossings on railways there were 454 accidents involving injuries to persons, and in those accidents 179 people were killed and 596 were injured. That is a formidable total indeed. How does it compare with the record in recent years? I have here the figures on the number of accidents at the same types of crossings in the five-year period commencing with 1950. In 1950 there were 457 accidents at these public highway crossings; in 1951, there were 490; in 1952, there were 463; in 1953, there were 487 and in 1954 there were 454.

What has been the contribution to the solution of this problem by various types of crossing protection? A further glance at these figures indicates that over three-quarters of these accidents which have occurred at public highway crossings on railways have occurred at unprotected crossings. In 1950, out of the 457 accidents, 356 occurred at unprotected crossings; in 1951, out of the 490 accidents, 393 occurred at unprotected crossings; in 1952, out of 463 accidents, 364 occurred at unprotected crossings; in 1953, out of the 487 accidents, 392 occurred at unprotected crossings; and in 1954, out of the 454 accidents, 353 occurred at unprotected crossings.

Density of population and also density of motor car traffic enter into the picture substantially, as one can see by looking at the breakdown of the numbers of accidents at such crossings by provinces. These figures indicate that well over 40 per cent of accidents

at grade crossings have occurred in the province of Ontario where population is more dense and the numbers of motor cars are so much larger.

On the part of some, Mr. Speaker, there is an impression that, after all, most of these accidents occur at night and that people keep their eyes open in the daytime. The figures do not bear out any such impression. Taking the figures for 1954, one finds that, out of the 454 accidents to which I referred, 235 of them occurred during daylight hours and only 219 during the night hours. In the case of accidents that occurred where motor vehicles were struck by a train—and of these there were 264—150 of them occurred during daylight hours and 114 during night hours. Those are cases where the collisions took the form of the train striking the motor vehicle. The majority of them occurred in daylight. No doubt many of them were cases where people had tried to beat the train across the crossing and others where they failed to observe the approach of the train. Then in the case of accidents that took the form of motor vehicles running into the side of trains—and there are many of these accidents—last year there were 140 of them, of which 46 occurred in daylight hours and 94 during the night hours.

It seems to me that these are important statistics, Mr. Speaker. The cost of grade separation work—indeed the cost of "construction work for the protection, safety and convenience of the public", to follow the words of the statute—is unquestionably high. Whether these works take the form of complete grade separation or of other crossing protection, the construction of these works is becoming increasingly costly year by year. The cost of constructing those projects—some of them major projects—has particularly increased by leaps and bounds with the soaring cost of construction in recent years. Consequently, with the increase in cost there has been a natural resistance, on the part of municipalities and oftentimes on the part of railways, to projects of this kind. Therefore, the importance of the increase in the permissible contribution from the grade crossing fund, from 40 per cent to 60 per cent in these cases, is, in my humble opinion, fully as important as is the increase in the annual contribution from $1 million to $5 million.

It would really be of much less effect than I think many hon. members of the house assume if the annual contribution were multiplied fivefold in this way and if there were not at the same time a corresponding increase in the maximum percentage which the board of transport commissioners may order to be paid out of the crossing fund to the cost of construction of any of these projects. Let us remember, sir, that the number of those among whom the cost of the work may be assessed is not large. In the case of provincial highways you have the provinces. In the case of other highways, and sometimes also in the case of provincial highways, you have the municipalities. Then you have the railways and you sometimes have public utilities. You sometimes have electric or street railways.

Let us bear in mind that no portion of the cost of maintenance of these crossings is paid out of the railway grade crossing fund and that when any of these projects is ordered to be constructed those upon whom a portion of the cost is assessed must face the fact that along with that allocation goes an allocation of the cost of future maintenance, and in many cases that may be a sizeable sum.

But let us look at this matter of the maximum contribution to the cost of construction as distinguished from the cost of maintenance. It is a heavy burden indeed that can be created for municipalities and for railways under these orders. So far as I am aware we have not, in any of the tables in the report of the board of transport commissioners, the total amount which has thus far been levied against any of the individual railways operating in Canada. We may see in the report at page 27, for instance, that the total expenditure for protection at highway crossings from 1909, the date of the inception of the railway grade crossing fund, down to the end of 1953 was approximately $52 million, and it appears that something over $18 million was assessed against the railways as their portion of the total. I think if further inquiry were made into the figures, including the cost of maintenance, we would have a much clearer picture than is yet available of the very formidable cost laid upon the railways in relation to the construction and maintenance of such projects.

As to the municipalities, the table on page 27 to which I have referred does not distinguish between provinces and municipalities, but out of the $52 million aggregate the total of contributions levied against the provinces and municipalities from 1909 to 1953 exceeds $19 million. Sir, this amount is bound to rise as the total increases if there is not some change made now along the lines proposed by which the proportion of the cost that may be paid out of the railway grade crossing fund may be increased.

One does not say that the experience of Canadian railways is precisely parallel to that of the United States railways operating in densely built up areas, but I mention the

experience of one railway in the United States. It is not completely transcontinental, but one important railway in the United States having an annual business approximating that of Canadian National Railways or Canadian Pacific Railway has had levies upon it so far for grade separation and railway grade crossing works exceeding $160 million. It is time that we stopped and observed the warning in relation to this cost.

As long as municipalities are to be called upon to bear a substantial percentage of the cost of construction, they, in their depressed condition, are bound to offer resistance in many cases. It does not matter that in so many of these cases the need of the grade separation or of some change in the form of crossing protection is acknowledged. Accidents may have resulted at a crossing by reason of the absence of some better form of protection but in case after case—and I speak out of not a little experience in relation to cases of this kind—one finds objections taken by the municipalities simply because they feel they cannot meet the percentage of cost that is proposed to be levied upon them.

A similar situation exists in the case of the railways, which are a depressed industry in Canada today. We are reminded of that in the recent report of the royal commission on agreed charges by the former Mr. Justice Turgeon. He points to the fact that the railways of Canada today are a depressed industry. When the railways are called upon to pay substantial percentages towards the cost of construction of these works, is it any wonder, when these costs far exceed any benefit that the railway may expect to derive from the crossing protection or grade separation, that the railways in many cases are obliged to resist? That leads me to say this. We hear discussion in the chamber about the great potential value of a general program of crossing protection and grade separation in Canada as an aid to relieve unemployment, but it is of little value to propose that great national schemes of this kind should be undertaken if we are going to be faced with the same type of allocation of costs as we have been facing hitherto. It only means that the more of these projects that are mooted the stronger must be the objections taken by the municipalities affected and the stronger the objections that must be taken by the railways that are affected so long as the amount that they are called upon to contribute exceeds the benefit that they receive from the contemplated construction.

The increase from 40 per cent to 60 per cent in the proportion that may be paid out of the railway grade crossing fund is, in my estimation, as important as any other feature contained in this measure. I point out to the house that the 60 per cent we are now about to legislate is a maximum, just as the 40 per cent was that has existed in recent years. There is no guarantee that the board of transport commissioners will award that sum to be paid out of the grade crossing fund in every case that comes before it. It simply means that parliament is giving power to the board to order up to 60 per cent of the cost of construction to be paid in any case where it meets with the board's approval to do so.

If there is going to be an attempt made in the interests of public safety or public convenience to expand the program of grade separation works in Canada, then I think we must be prepared to be more generous in order to lighten the burden on the municipalities in those cases and, so far as the railways are concerned, it seems to me we must be prepared to draw more guidance from the policy being followed in the United States. It is federal policy in the United States to limit the contribution that the railways are called upon to make to grade separation in two ways: first of all, to limit the contribution to the benefit to be received by the railway from the contemplated construction and, second, even to limit that to an aggregate of 10 per cent of the total cost.

The federal policy in the United States thus provides for railways to participate in the cost of projects according to the benefits they receive and subject to this maximum of 10 per cent of the total cost. If there are no benefits available to the railways as a result of the projected grade separation, the railways are not called upon to contribute anything to the cost of grade separation in the United States. That is the federal policy there.

Now, the policy of the states is not uniform in this matter. There is quite a wide variation in the legislative policy of the various state legislatures in those cases where the grade separation falls within state, rather than federal, jurisdiction. There are some states which have laws providing for an allocation of cost according to the benefits received, which is like the federal policy in that country. Some states have placed a maximum of 15 per cent on the total contribution that may be levied upon the railways. Other states provide that the railways may be called upon to contribute a fixed percentage ranging from 10 per cent to 20 per cent. In other states, the state commission has the power to fix the railway contributions

in a manner somewhat similar to the provision made in our own Railway Act, within certain limits.

It is well for us to bear in mind, sir, the increasing extent to which benefit has been made the yardstick of the contribution that the railways in the United States have been called upon to make towards the cost of grade separation work. In Canada there has been a steady and beneficial trend over the long period since 1909. Canada began in 1909 with a maximum contribution from the railway grade crossing fund of 20 per cent. In 1919 this contribution was increased to 25 per cent, and in 1926 to 40 per cent. It has remained at 40 per cent for 19 long years. The measure that is before us now has indeed been delayed too long.

Accompanying these percentage maxima there have been as well absolute maxima imposed in connection with the cost of any project, beginning in 1909 with $5,000. This was increased, the last time in 1950, to $150,000 per project which was far too low because the construction costs of these projects, oftentimes in areas where they are most needed, have run to such high figures that the maximum contribution of $150,000 out of the fund has been quite inadequate. I have misgivings also, Mr. Speaker, as to the adequacy of the proposed maximum of $300,000 per project.

When I raised this point in the debate in 1950, pointing out that the maximum contribution of $150,000 from the railway grade crossing fund was going to have the effect of preventing the elimination of grade crossings in some important situations, I was told that the great danger was that if we did not impose such a maximum the result could be that a few costly projects could absorb the entire amount available in the railway grade crossing fund. Now we are having a fivefold increase in the annual contribution, we are having an increase from 40 per cent to 60 per cent in the percentage contributions of the fund. I question whether the proposed new maximum of $300,000 for any one project is justified.

Looking back over the years, it is well that we bear in mind that on more than one occasion the railway grade crossing fund has been exhausted. It is well that we should bear in mind also that its purpose is more than safety. The terms of the statute contemplate the use of the fund for construction work for the protection, safety and convenience of the public. Undoubtedly, to an increasing extent, grade eliminations are being sought not merely in the interests of public safety, but in the interests of speed and public convenience. The great increase in the volume of motor traffic on our highways has resulted in many cases in a stimulated demand for the elimination of grade crossings. That is a factor that must be recognized, and it is another reason why an increasing percentage of the cost of crossing eliminations should be borne at public expense rather than at the expense of these municipalities, railways, public utilities or others who are, in the language of the statute, interested or affected by the proposed crossing works.

Sir, the problem is great. It is a problem that is bound to increase in proportion with the increase in highway traffic in Canada. I hope that no one will pretend that the increases that are being made in the bill are adequate to meet the problem. They are an important and valuable step forward. One would commend the report of the board of transport commissioners, and the recommendations which they have put before the government and to which, with one exception, effect is being given by this legislation. I am bold enough to predict, sir, that further legislative changes lie before us as we realize the extent to which this is a public problem and not simply the problem of the municipalities or the railways or the public utilities immediately affected in the case of any project. We would do well, it seems to me, to draw benefit and guidance from the example of the United States in this regard.

Mr. W. B. Nesbitt (Oxford): I do not wish to take up the time of the house, Mr. Speaker, by reciting what has already been so adequately dealt with by the hon. member for Eglinton (Mr. Fleming) and others who have criticized the suggested legislation. It is sufficient to say that we are all, of course, glad to see that the government has taken steps to increase the amount of this fund and increase the proportion of the contribution. We all realize this is necessary because of the increase in highway traffic in Canada and the speeding up of that traffic. In addition there seems little doubt that the already overtaxed municipalities are going to have to pay a still larger proportion of the cost of these enterprises.

There is only one thing in this bill with which I should like to deal, and that is the method of initiating proceedings. The Minister of Transport (Mr. Marler) made the following statement as recorded on page 2134 of *Hansard* for March 17, 1955:

> The board of transport commissioners, which administers the fund, does not itself initiate the execution of these projects, but acts upon the petition of a railway company, a municipality, a province or some other interest that desires to have the project carried out.

Now, having a very dangerous crossing in my own constituency, which I have mentioned many times in this house, I have had conversations with members of the board of transport commissioners or rather officers of that board. It is my understanding that often proceedings of this sort are initiated by the board itself, either as the result of reports of traffic accidents or as a result of reports by the board's inspectors. Possibly when the minister replies he will make a further statement in the matter. This whole discussion came up, may I say, as a result of certain inquiries I have had occasion to make.

Since the sum the board has at its disposal for the construction of grade crossings is to be greatly increased, I trust the records kept by the board will be improved. I mention this because only recently I placed a question on the order paper, which was set out in *Votes and Proceedings* No. 52 at page "i", the issue of March 21, 1955. The subject was that of the Canadian National Railways crossing near Woodstock, Ontario.

The question was set out as follows:

1. Have any accidents occurred, since September 26, 1947, at the crossing where the main line of the Canadian National Railways from Montreal to Chicago crossed the Ontario provincial highway No. 2, approximately seven miles east of Woodstock? If so, how many?
2. Has the board of transport commissioners considered giving assistance from the railway crossing fund towards the construction of an underpass at this point?
3. If so, has the board yet reached a decision, and in what respect?

The answer given to me is as follows:

The board has no record of any accidents at this crossing since September 26, 1947. This crossing is automatically protected with a wigwag and bells and to date no application has been received by the board for construction of a grade separation at this crossing.

The latter part of the answer is quite correct when it states that the crossing is protected by a wigwag and bells, and that no application has been made. However, it is my understanding, from information I have received from officials of the board, that, since this is a provincial highway, application would more properly be made to the province. This has not been done as yet.

I cannot understand however the first part of the answer, where it says—

The board has no record of any accidents at this crossing since September 26, 1947.

After receiving the answer I took the trouble to get in touch with the board by telephone, stating that I was somewhat surprised by the answer given, and suggesting that they make a further check and make another reply. The answer I received orally was much the same as the one I had received to the question I had placed on the order paper.

I have discussed this matter before, and the board must have some record of it. At the first session of this twenty-second parliament I raised the matter in the house on three different occasions, as indicated at pages 5167, 5615 and 6080 of *Hansard* for that session. In addition to this, on June 24, 1954, I addressed a letter to the then minister of transport, the Hon. Lionel Chevrier, in these words:

Dear Mr. Chevrier:

For your interest and information I am enclosing clipping from the *Daily Sentinel Review*, Woodstock, for Tuesday, June 22nd, with respect to my favorite railway crossing at Creditville near Woodstock.

The reply received from the then minister on June 28 is as follows:

Dear Mr. Nesbitt:

This will acknowledge your letter of June 24th enclosing a clipping from the *Daily Sentinel Review*, dealing with the railway crossing at Creditville near Woodstock. I am sending this clipping to the board of transport commissioners.

Then on June 10, 1954, referring to a different accident, I wrote to the then minister as follows:

Since I made some remarks in the house about two weeks ago on the transport estimates with respect to an underpass on the main line of the Canadian National Railway seven miles east of Woodstock, known as the Creditville crossing, there have been two serious accidents.

I referred to one of these last Monday, page 5615 of *Hansard*. I am enclosing a news report from the London *Free Press* of yet another serious accident at this crossing which I think more than justifies my earlier comments.

I trust that you will refer this matter for consideration to Mr. Donald Gordon.

The minister's reply under date of June 14, 1954, is in these words:

Dear Mr. Nesbitt:

I have your letter of June 10th with which you enclose a clipping from the London *Free Press* dealing with an accident at the underpass of the Canadian National main line seven miles east of Woodstock.

Then, under date of June 17, 1954, I have this notice from the board of transport commissioners:

This will acknowledge receipt of your letter of June 10th, which will receive the attention of the board.

In writing further on this subject, please refer to our file No. 26765·207.

And then the following:

Re underpass on C.N.R. main line Creditville.

In addition to that I would refer to an editorial appearing in the *Sentinel Review* of Woodstock, in its issue of June 24, 1954:

A coroner's jury found the Creditville crossing, east of Woodstock on No. 2 highway, "not up to date" in the inquest into a recent death at that crossing. The jury recommend the crossing be made safe.

In view of what I have just read, and the statements I have made, I find it difficult to understand how such an answer could have been given to the question I placed on the order paper. I would be glad to send this information to the minister. May I say that I have since been able to make inquiries from the Ontario provincial police which indicate that between Friday, September 26, 1947, and Saturday, February 5, 1955, there have been 77 accidents at this railway crossing in which 28 persons have been injured and one killed.

I do not wish to take further time of the house, but it must be obvious to everyone that this crossing is exceedingly dangerous; and I would hope that in the near future it would be dealt with by the board of transport commissioners, if it is within their power to do so. I express the further hope that the records the board has available to it will be kept more up to date in future.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I have much pleasure in commending the board of transport commissioners for pushing this increase, and the minister for co-operating with the board.

In the last 20 years I have had many dealings with the board and I must say that never once have I been disappointed with what they have done. Sometimes I did not get what I asked for, but at times I have found that the action taken by the board was better than that I had recommended.

In ward 1 of Fort William we had a very dangerous crossing, and for years there had been agitation to have a subway built. There were many tracks children had to cross when going to and from school. Then, when the long freight trains were passing through in the fall of the year one might have to wait 15 or 20 minutes at that crossing. Ambulances and doctors were in no better position; they too had to wait.

When the position was placed clearly and forcefully before the board of transport commissioners no difficulty was encountered at all. They sent out their engineers and, instead of building a subway to accommodate everyone, they built an overhead bridge to take part of the traffic, and a subway to serve pedestrians and school children. This was done at a cost of $100,000 to the Canadian Pacific Railway, a similar amount to the city of Fort William, and $100,000 to the dominion government. I realize of course that other cities are not as fortunate in their city council as is the city of Fort William, where finances are handled in splendid fashion. The city paid $100,000 and the government paid $100,000 and now we are well protected. The citizens of ward 1 are grateful to the members of the transport board, to the Canadian Pacific Railway and to the government.

Just about a year ago I made a plea for a farmer through whose farm the Canadian Pacific railway passed and cut the farm in two. When the farmer wanted to go to the other side of the track it cost him a lot of extra gas to go all the way round. Where half a mile would do it he had to drive about four miles. The board of transport commissioners put it up to the Canadian Pacific Railway and the result was that the railway paid the whole cost. It was not a heavy cost; it was more a fill-in than anything else, but they did it well.

I made many requests to the board of transport commissioners for stop signs. If you visit the riding of Fort William you will see that the board of transport commissioners had not neglected its job in this regard. Thank you.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to make a few brief observations on this bill and to express my support of this legislation. The addition of the $5 million to the fund is to be welcomed and also the increase of the percentage to 60 per cent to be paid by the board and raising the maximum contribution to $300,000. That is all to the good.

Like some of the previous speakers, I wish the government had seen fit to increase the annual contribution to the fund; but, Mr. Speaker, I cannot resist the opportunity at this moment to point out to the house that the hon. gentlemen to my right, the members of the Progressive Conservative party, are some of the most illogical people I have ever listened to. On nearly every measure that comes before this house, they ask the government to increase its contribution to the legislation concerned, and when the budget comes down they howl at the government to reduce taxation. You cannot have it both ways, Mr. Speaker. We of this group realize the necessity for taxation. All we ask is a fairer redistribution of the sums collected in taxation. The hon. gentlemen to my right are somewhat inconsistent in their approach.

However, I do wish to bring to the minister's attention the fact that in my constituency there are quite dangerous railroad crossings that go through quite small village municipalities, municipalities so small that it would be completely beyond their capacity to enter into any arrangements for the building of an underpass, an overpass or anything of that sort. Because the problem is so general in Canada, I realize it is not possible to think of anything being done for some years to come. But I do want to suggest to

the minister that a relatively small expenditure on more vivid marking of crossings or the lighting of crossings at night, an expenditure that would be small compared with the expenditure required to build an overpass or an underpass, would be of great help. On many crossings there is simply a railroad crossing sign and nothing else. I suggest that in places where it is not possible at the present time to undertake those larger works, much more could be done with small expenditures to bring to the public's attention the fact that they are approaching a railroad crossing. The signs could be more dramatic in the daytime and they could be lit up at night. More could be done in that respect.

I have travelled over a number of crossings from time to time and I have realized how meagre the warning was that one was approaching a crossing where one might meet a freight train, particularly a freight train in my case, at any hour of the day or night. I do suggest to the minister that some money could be spent in that way to assist municipalities to protect such crossings; municipalities that are incapable of assuming the larger obligation.

Mr. John B. Hamilton (York West): Mr. Speaker, I doubt very much my ability to answer the hon. member for Kootenay West in connection with the blanket criticism of the Conservative party. However, I might mention that it is possible to recommend additional expenditures of money on a fairer basis than is provided by the present tax structure that we have and still criticize the budget which has been brought down. I might say to the hon. member that he neglected to add the additional fact that this party believes many millions of dollars are available if the proper economical type of government is provided for this country. However, I want to deal with one or two questions only. I am sure the hon. member for Spadina (Mr. Croll) will be very happy because he expressed himself in that way when I rose the last time.

We should remember that the figures we are dealing with are very misleading. If we check the history of this legislation we find that the initial contribution of the federal government was $5,000 for each project. That has been raised to $15,000 and $25,000. In 1928 it was raised to $100,000 and in 1950, to $150,000. I am wondering whether when we talk about $300,000—and my friends to my left continue to refer to this item—we take into account the serious inflation we have had in this country during those years. If we went back to the early years of this century and talked about $5,000, I am wondering whether it did not provide as much as the $300,000 will provide that we are talking about today. That restriction is a very serious one in connection with the complicated type of grade separation we have in the larger metropolitan areas. Of course, the same criticism in connection with the increase from $1 million to $5 million in the total allocation to the fund would be a reasonable one. To a great extent the government is simply keeping up with the increased cost of this type of construction, and is not taking into account the thousands and thousands of additional motor vehicles that use the highways every year.

At the resolution stage I pointed out that this government collected approximately $250 million in various types of taxes from the motor-driving public. I know that the Minister of Finance (Mr. Harris) has reduced certain of the taxes on vehicles and has removed the tax on automobile tires and items of that kind, but this government still extracts from the motorists at least $200 million each year. As far as I can determine, it spends only $15 million a year on them. It is about time that some consideration was given to the motorist. He is paying the taxes; he should be provided with safety facilities to the extent that he provides the government treasury with dollars. Even with the tax reductions, the Minister of Finance is counting on an increased sale of motor vehicles to provide him with the same net amount of taxes that he was able to get last year. It would seem logical to me that the amount of money to be applied by the federal government to this fund should be tied in some way to the taxes that are collected from the motor-driving public. If a percentage formula were arrived at, at an adequate amount, it would provide for the additional vehicles which will undoubtedly be on the highways of this country in the future. There is no end to them. Over the week end I noticed in the press it is expected that in the next four or five years about half the families in the United States will have two automobiles. If that is the case there, I am quite satisfied that the same trend will take place here. Surely, I might say to the Minister of National Revenue, it is just as logical to have a fund of this kind tied to the sales tax collected on automobiles, because of the increased sale of automobiles, as it is to provide for the Canadian Broadcasting Corporation to receive the sales tax collected on television receivers. As a matter of fact it is probably much more logical when we look at the balance sheet of that corporation and find that it can pass over $6 or $7 million of taxes collected to be used in some future year at the whim and fancy of the corporation.

The second point with which I wish to deal has been referred to on numerous occasions by other speakers. The hon. member for Kootenay West again referred to the fact that what we are asking for here is a redistribution of the taxation base, and undoubtedly it is the municipalities who are having the difficulty in providing safety facilities of this type for the public. Until such time as a reassessment of taxing powers can be reached by agreement among all three levels of government, the municipalities are going to find themselves in a very difficult position. I have said this before, and I say it again. Their tax base is so close to them that they find it impossible to take advantage quickly of the various new people coming to the country who are paying sales tax on the items they buy and who are paying income tax by deductions from their pay immediately they begin to work. The municipalities have no such opportunity, and they are being placed in an increasingly difficult financial situation, which is pressing them to the utmost.

I have one further point. When the federal-provincial conference which has been called for the next week or so is brought together here in Ottawa, the federal authorities would be very well advised to suggest as part of the agenda increasing the contribution to be made to the grade separation fund by a reallocation of taxing powers for that purpose. This would also help meet some of the other pressing problems.

The Acting Speaker (Mr. Applewhaite): Is it the pleasure of the house to adopt the motion?

Hon. George C. Marler (Minister of Transport): Mr. Speaker—

The Acting Speaker (Mr. Applewhaite): Order. If the minister speaks now he will close the debate.

Mr. Marler: Mr. Speaker, I should like to try to deal very briefly with some of the arguments which have been advanced during the course of the debate.

The first refers to the question of the increase from $1 million to $5 million in the annual appropriation to the grade crossing fund. On the part of a number of speakers the opinion has been expressed that this increase from $1 million to $5 million is inadequate and that it will not be possible with that amount to solve the problem arising from the existence of the many unprotected grade crossings which we have in Canada. As I think I said the other day in discussing the resolution, I do not believe anybody would seriously consider that it would be possible, by merely appropriating an amount of $5 million a year, to solve the whole problem of grade crossings. The number which exists and the cost of even the simplest form of protection, I think, show how foolish it would be for anyone to believe that the mere provision of an increase from $1 million to $5 million annually would mean the end of the problem.

I would like to draw the attention of the house to the fact that the amount of $5 million was suggested in the report of the board of transport commissioners. I think the reasons which they have given are very eloquent and explain fully why the amount has not been made larger. I think it will be seen from reading the report that this might be regarded as an experimental figure. I wonder if I might read two extracts from the report, Mr. Speaker. The first of these appears on page 90 of the typewritten report, and is as follows:

> In attempting to determine what might be the annual federal contribution to the fund, we recognize that while it cannot be determined with mathematical precision, it must reasonably reflect the practical aspects of the matter. Any amount which may be arrived at we think should also be sufficiently flexible in character to admit of modification in the light of actual experience. It would be difficult to justify a federal contribution which was not in reasonable accordance with the availability of highway authority funds. Certainly it would be uneconomic to cause a diversion of highway funds to grade crossing improvements in an amount which was not commensurate with the magnitude of the crossing problem. At the same time an increase in the contribution of the federal government, when related to the percentage distribution of costs as hereinbefore recommended would necessarily result in increasing the total potential costs to other parties—and regard must be had to the increased costs which the other parties may be economically justified in assuming. Furthermore, while we are aware that some provinces have sufficient funds to enable them to undertake a sizeable crossing improvement program, we cannot use their preferred position as a criterion of what other provinces may be able to undertake.

If I may summarize, Mr. Speaker, it was after long experience in administering the grade crossing fund that the board came forward with the recommendation that the annual amount be increased from $1 million to $5 million.

The report of the board continues to deal with the aspect to which some hon. members have referred, namely the fact that if in any year there is an uncommitted balance of $2 million or more, the appropriation for that year is to be reduced; that is obviously intended not to cut down on the expenditures but to avoid putting in the fund moneys not actually required for the purposes of the fund itself. The suggestion is that of the board, and I think it was quite obviously made in

order to avoid placing in the fund moneys for which they see no immediate use.

I would like to conclude my reading of some extracts from the report with these two phrases, which I think are rather significant. They say, speaking of course of the amount of $5 million:

> The sum which we now propose cannot be regarded otherwise than an estimate of probable demands on the fund under the new conditions. It may well be two or three years before the most effective amount of the annual appropriation can be more definitely fixed.

That is the reason, Mr. Speaker, I said I thought that the amount of $5 million might be looked upon as being experimental.

The hon. member for Eglinton mentioned two other important features of this legislation, though I was not quite sure that the full significance of these changes had been fully grasped by him. The first was his reference to the increase in the percentage of the contribution of the railway grade crossing fund. He spoke of it, I think quite properly, as an improvement and said it is quite obvious that the increase of the contribution from 40 to 60 per cent will provide corresponding relief to the others who must also make contributions toward a project. But I think it must also be taken into account in connection with the other increase to which he also referred. That was the increase of, let us say, the maximum base for any project from $150,000 to $300,000.

I think we must not forget that these two changes are being made at the same time, so there is really a much more substantial increase in the contribution from the fund than would appear at first sight. For example, under the law as it stands at the present time, if a project costs $500,000 the maximum base is $150,000 and the contribution of the board would represent 40 per cent of that amount or $60,000. In that particular case there would be $440,000 which must be shared by others.

Mr. Fleming: Is the minister right in those figures? Did he say the project was a $500,000 project?

Mr. Marler: I am suggesting that if we think of a project which would cost $500,000, the present base limit is $150,000 and the contribution of the board is 40 per cent, whereas—

Mr. Fleming: Forty per cent, or $150,000, whichever is greater.

Mr. Marler: That is right. In other words the maximum contribution at present would be $150,000, leaving $350,000 to be shared by others; whereas on the same project under the amendments the contribution would be $300,000 from the fund and therefore only $200,000 by the others interested, so their contributions would have come down by $150,000 for this particular project. It seems to me it is important to realize that there is not only this obvious increase from 40 per cent to 60 per cent, but that these percentages are to bear on a substantially higher figure as a maximum than is the case under the existing legislation.

I should like to make just one final comment. A number of hon. members have referred to the municipalities and their unwillingness to participate in these grade crossing separations. I should merely like to tell them that, although I have been a minister for only a relatively short time, I have been surprised by the number of letters I have received from municipalities asking that something be done for them in connection with the elimination of these grade crossings. I suppose the board receives a good many more, because quite obviously the applications should not be addressed to me. I feel quite certain that there will be no dearth of applications.

While I realize that there are municipalities whose finances are not so flourishing that they will be able to undertake these extremely expensive projects, by and large I think municipalities have shown a desire to carry out these projects and in many instances have shown an ability to finance them. In the cases in which it is obviously beyond their capabilities, I think it is not unreasonable to ask that the provinces, which raise substantial sums through the taxation of automobiles, both in licence fees and in gasoline taxes, should come to the relief of the municipalities which are in need of assistance.

Mr. Speaker, I do not think it would be useful for me to prolong the debate further. I think we are all agreed that this is a desirable step forward. I hope we shall have an opportunity at this time next year of reviewing the progress that has been made with the larger appropriation available to the fund.

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

RADIO ACT

AMENDMENTS RESPECTING RADIO ANTENNAE AND ADMINISTRATIVE CHANGES

Hon. George C. Marler (Minister of Transport) moved the second reading of Bill No. 260, to amend the Radio Act.

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

Mr. Marler: Yes. Mr. Speaker, as I explained to the house in introducing the resolution which preceded this legislation it is proposed to make three amendments to the Radio Act. The first of these amendments would empower the Minister of Transport to make regulations regarding antennae for radio stations and private receiving stations. As it is somewhat complex I shall give a full explanation of the purposes we have in mind in proposing it.

Hon. members will agree, I am sure, that with the advent of television and the development of the elaborate outdoor aerials now commonly used, it would be desirable to take measures to control their mechanical features for safety purposes from the point of view of air navigation and protection of life and property. Because of its responsibilities for civil aviation and radio my department naturally is anxious to see that in the installation, erection, construction and repair of antennae, proper standards are maintained; but several municipalities and one of the provinces have also evinced interest in the matter by inquiries as to the making of bylaws governing television antennae.

It seems quite clear that the regulation of antennae is a part of the general field of radio regulation and, therefore, within the legislative competence of parliament. If confirmation of this assertion were necessary it would be found in the fact that in a number of localities in Canada television sets cannot operate without external antennae. Legislative authority in the matter being vested in parliament, we believe that the requisite legislation should be adopted to enable the Minister of Transport to establish the necessary regulations. The authority to make regulations would extend both to radio stations and to private receiving stations as defined in the Radio Act.

We have a measure of control at the present time over antennae for radio stations in that in administering the licensing provisions of the Radio Act we may control the nature and type of the antennae to be used, but we believe that it would be desirable to have general regulations respecting antennae that would be applicable to the various classes of radio stations. Though formerly the department had, through licensing, some control over private receiving stations, now that licensing of these stations has been abolished we no longer have any control over the antennae used by them.

In this connection I should like to tell hon. members that we propose to use as a basis for our regulations respecting the mechanical features of antennae for private receiving stations a set of standards for receiving antennae already prepared by the Canadian standards association which, as many hon. members know, is an industrial group which enjoys an excellent reputation because of the numerous standards it has laid down for the electrical and other fields.

I think I should make it quite clear that it is not our present intention to make these regulations concerning the mechanical features applicable generally, but only in those municipalities where the municipal authorities desire that they be made applicable and wish to undertake the responsibility of administration and enforcement. In these cases we contemplate appointing as inspectors under the act the municipal officials who carry out building inspection in the municipalities. We believe that arrangements along these lines would satisfy the municipalities which wish to see some control exercised over the elaborate antennae now being used.

Hon. members, therefore, will appreciate that in the circumstances we are not contemplating adding large numbers to the staff of the telecommunications division of my department for the administration of the proposed regulations. In fact at the present time I do not expect that any increase in staff will be necessary for this particular purpose.

The second of the amendments to be made by the present bill would empower the minister to adopt regulations exempting from licensing requirements numerous low-powered radio devices which technically constitute radio stations within the meaning of the Radio Act. Many hon. members are familiar with mechanical equipment such as doors in railway stations, garage doors, etc., which are actuated by an electric eye, and with interoffice communication systems which are not dependent upon the use of wires. I am sure hon. members will agree that it would be desirable to exempt the owners or operators of such devices from the necessity of obtaining a licence for them.

If this amendment is accepted it is intended to adopt specifications determining the maximum signal strength of the device that will be exempt. In this way we will avoid exempting devices that would interfere with radio reception and manufacturers will know that devices meeting these specifications will be exempt from licensing.

The purpose of the third amendment is to implement the obligations assumed by Canada under the international telecommunication convention with respect to the preservation of the secrecy of radio communications. By this convention Canada is obligated to impose secrecy restrictions on all radio communications not intended for the general use of the public.

Radio Act

At the present time the Radio Act provides that operators of coast or land stations or of mobile stations must subscribe to a declaration of secrecy, and the act prescribes penalties against such operators for the unauthorized use of information obtained by interception of any radio communication. The act also empowers the minister to make regulations to provide against any person divulging information received by means of a private receiving station. There is, however, a loophole which it seems desirable to close. Any individual can buy equipment that will permit him to receive practically any radio signal regardless of its frequency or wave length, and so to intercept private communications outside the ordinary or normal broadcast band. A receiver embodying this equipment does not fall clearly within the definition of a coast or land station or mobile station or a private receiving station, and consequently the operator is not subject either to the necessity of subscribing to a declaration of secrecy or to the regulations against divulging information applicable to operators of private receiving stations.

We do not propose by the amendment to prevent the ordinary private citizen from operating shortwave or other receiving sets; all we say is that, having become acquainted with any radio communication not intended for public use or information, a person may not make use of it or divulge it to any person.

In recommending this amendment we wish, of course, to implement and fulfil Canada's obligations under the convention to which I referred a moment ago, but we also wish to satisfy the complaints we have received in my department against the misuse of private communications.

In conclusion may I point out that questions concerning interference in the radio field, control of manufacturers and community television receiving systems are not within the scope of the present legislation. If hon. members wish to deal with these particular subjects I suggest that they might do so when the estimates of my department are under consideration.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the minister's statement on this technical bill has been quite informative. In a matter of this kind, where the house is asked to pass legislation to confer powers upon a minister to proceed by regulation I think the house must ask itself whether the need for these powers has been clearly established. I feel the minister's statement does that. It is quite clear that with the rapid increase in the number of antennae being constructed, both around radio and television stations and on homes and apartments, to the point now where in some cities these masts resemble a small forest, the time has come when some form of regulation must be introduced in the public interest.

As the minister has indicated, a number of municipalities have already entered this field out of regard for public safety and fears that are genuinely created by the unregulated erection of these masts which, if not properly secured, could in some circumstances do a good deal of harm. I am sure all members are aware of experiences in which these masts have blown down in storms and public safety has in consequence been jeopardized.

The second question that it seems to me the house properly asks itself in a case of this kind is, if a need exists for some form of power or regulation, in what way does the government propose to exercise it? No doubt the house was gratified and reassured to learn that the type of regulation the government proposes to exercise under the first of the powers contained in the bill will be the embodiment of a recommendation from the Canadian standards association.

As to the appointment of inspectors, it was also reassuring to hear the minister tell the house that he does not propose to appoint a large army of inspectors to carry out the inspectorial functions contemplated in the bill. The municipal inspectors are certainly the persons best qualified to carry out this type of inspection and, speaking for myself, I can tell the minister his statement in that regard is very significant in relation to the general purpose and effect of the bill.

Mr. Hamilton (York West): Refreshing.

Mr. Fleming: The hon. member for York West (Mr. Hamilton) points out that this is a refreshing departure from some of the positions we have seen taken in the past with regard to the appointment of large numbers of inspectors.

I think the house will also appreciate the necessity for some form of exemption with regard to low-powered radio devices. I shall have some questions to ask in the committee with respect to some features, but I have no hesitation in saying that the bill, in the light of the explanation given by the minister, is one that I think can be said to be necessary.

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

On clause 1—

Mr. Fleming: I have a question respecting clause (ee). If any hon. member has a question on clause (e) I will give way to him.

Mr. Hamilton (York West): As to clause (e), has the minister any record of any damage caused to anyone or of any injury to any person brought about by failure of the present type of antennae?

Mr. Marler: In answer to that question I think I should say I have no personal knowledge of any such complaints having been received or any such reports having been made to my department. I think what has originated the thinking with regard to this aspect of the bill has been the desire on the part of municipalities themselves to regulate the type of antennae that might be used.

I am quite sure hon. members will realize it would be a rather unhappy situation if we found that the municipalities were attempting to legislate with respect to antennae for television or ordinary radio sets, which to my way of thinking would be beyond the powers of municipal corporations. It seems to me that this bill is a much more effective and practical method of dealing with the subject. I think we will be agreed that there is no doubt as to the power of parliament to legislate with regard to this subject and I think, as the hon. member for Eglinton pointed out, that the municipal inspectors are the people who are best qualified to carry out the type of inspection needed to assure public safety so far as falling antennae and so on are concerned.

Mr. Hamilton (York West): I wondered what prompted the municipalities. Were any of them in touch with the department concerning losses or injury to people?

Mr. Marler: In my own personal experience I can remember that when I was a member of the legislature at Quebec many municipal corporations applied for power to change their charters so that they might control the appearance of antennae from a purely aesthetic point of view. While of course one can fully understand that view, it would be a pity if aesthetics prevented people from receiving television signals.

Mr. Fleming: With regard to clause (ee), I wonder if the minister would enlarge somewhat on the basis of exemption. He has indicated the general purpose, but I am directing my question more to the method or the formula by which the exemption shall be carried out.

Mr. Marler: My understanding of the matter, in the discussions I have had with the officials of my department, is that they have not yet come to a final decision as to what level of signal strength should be set by the regulations so as to admit devices that reasonably ought to be admitted and will not interfere with radio reception, as compared with those which should not be exempted.

As I said a moment ago, the intention is to adopt specifications in determining the maximum signal strength; I take it that is the factor which is of the greatest interest and the measure of interference with radio reception. I am sorry I cannot tell the hon. member the level we contemplate setting, but I do not believe it is possible to give an answer to that question at this time as no final decision has been arrived at by my officials as to the level they would recommend as the basis for the regulation.

Mr. Fleming: That may be regrettable, because I am sure that decision will have to be taken before any regulations can be made that will have any efficacy. I would have hoped that this inquiry would have been made and the decision taken as to the strength that will be recommended to the minister as the determining point in respect of exemption.

Mr. Marler: I suppose the hon. member for Eglinton would realize, just as I do, that it might not be possible to provide a constant figure applicable in all circumstances. It seems to me there might well be circumstances in which a given level would be admissible, particularly let us say in the rather remote parts of the country, whereas the same level would not be admissible in the heavily populated centres where the number of radio receivers would be much larger.

Mr. Fleming: My point was that whatever may be proper strength at any particular place, whether it is uniform or whether it is established at varying figures depending upon population density or other factors, it nevertheless must be established by regulation.

Mr. Marler: Quite so.

Mr. Fleming: If it is going to be possible at some time or other to establish that in any detail for the regulations, I say it is regrettable the house does not know now what the strength is. It is not a matter of supreme importance; I am not suggesting that, but I think for the information and guidance of the house in connection with legislation of this kind it would have been a helpful thing to know.

Mr. Marler: While I rather share the view of the hon. member, at the same time I am sure he will realize that that would rob us of the flexibility we would have in a simple power to make regulations, as opposed to making this limitation part of the statute itself.

Mr. Fleming: I am sorry, but the minister misunderstands me. I was not suggesting that the formula, if it is going to be elaborate, should be written into the legislation. I am simply asking what the breaking point is at which the power to exempt will be used, so the house would be guided now in determining whether or not the section before us is adequate.

Clause agreed to.

On clause 2—*Penalty for unlawful interception of radio communications.*

Mr. Fleming: The minister's statement indicates the purpose of this clause, and it is clear enough. However, in this regard I wonder if the language is very happy. My first thought in reading it over was, what does it mean? The clause reads in part:

> Every person who, having become acquainted with any radio communication not intended for public use or information, makes use of such communication or divulges it to any person, except when lawfully authorized or directed so to do, is guilty of an offence—

What is the meaning of that? It is saying that, in effect, if anybody does something that is illegal, unless he is legally authorized to do it, he is guilty of an offence. What does it mean?

Mr. Marler: As a matter of fact, Mr. Chairman, I find it difficult to conceive of a case in which there would be a particular authorization to divulge the substance or contents of a communication. But I might point out to the hon. member that this is virtually the same language as appears in section 7 of the Radio Act. I think the indication was that this new provision was to be similar to that which now applies to those who must subscribe to the declaration of secrecy to which I referred a few moments ago.

Mr. Fleming: I understand the purpose of the section as outlined by the minister, but it is the language which I must say I find rather baffling.

Mr. Marler: I wish I could enlighten the hon. member further. Personally while it may be difficult to imagine circumstances in which a person would be lawfully authorized or directed to divulge, I suppose that could take place in the event of some litigation, or there might be circumstances in which the information ought to be divulged.

Clause agreed to.

Title agreed to.

The Chairman: Shall I report the bill?

Mr. Hamilton (York West): Just before the bill carries, I may say that in view of the answers the minister gave me in connection with the fact there was no specific request for this legislation because of the danger of injury to people, I hope the regulations will not prevent the ordinary layman from constructing his own antenna, and that they will not limit the licensing to certain repair firms as the people who may construct this type of antenna.

Mr. Marler: I entirely share the hon. member's view on that subject.

Mr. Fleming: Just following that up, there is no power to licence persons in connection with this legislation?

Mr. Marler: No, none whatever.

Mr. Fleming: The only licensing will be of the equipment, and certain specifications in regard to the type of equipment used. There is no power to license those who are engaged in the business.

Mr. Marler: None whatever.

Bill reported, read the third time and passed.

RAILWAYS

AGREEMENT RESPECTING TRACKS IN TORONTO HARBOUR AREA

Hon. George C. Marler (Minister of Transport) moved the second reading of Bill No. 262, to approve an agreement between the Toronto harbour commissioners, the Toronto Terminals Railway Company, Canadian National Railway Company and Canadian Pacific Railway Company.

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): There is not much I can add at this time to the statement I made at the resolution stage of this measure. As hon. members will no doubt recall, this simple bill seeks the ratification and confirmation by parliament of an agreement entered into last fall between the Toronto harbour commissioners, the Toronto Terminals Railway Company, Canadian National Railways and the Canadian Pacific Rilway Company. This agreement has to do with the rehabilitation and maintenance of railway tracks built by the Toronto harbour commissioners for the purpose of serving industries located in the harbour area. Since the commission did not have sufficient funds to maintain and rehabilitate these tracks, they approached the Canadian Pacific Railway and the Canadian National Railways with the object of having them take over the rehabilitation and maintenance thereof.

An agreement was therefore entered into to that effect on October 5, 1954. Since the Toronto Terminals Railway Company is not

empowered under its act of incorporation, chapter 170 of the statutes of 1906, to enter into such agreements, the present bill seeks to amend the act accordingly.

I wish to add at this time that it is proposed to move that the measure be referred to the standing committee on railways, canals and telegraph lines, after it has received second reading.

Mr. John B. Hamilton (York West): Mr. Speaker, we are pleased that we will have an opportunity in the standing committee to give closer scrutiny to this legislation. The parliamentary assistant has given the assurance that schedule A, indicating the additional lands involved in connection with the trackages, will be made available to us at that time.

Any member from the greater Toronto district is definitely interested in anything affecting the harbour area of that city. I know we will receive a full explanation of the clauses of the bill. I do feel some concern, however, about the fact that the commission may lose some of its power to do what it may wish in connection with some phases of development in that harbour area. I refer to those powers to which reference is made in the agreement between the terminals railway company and the commission.

The agreement involved in the legislation simply makes provision for funds which formerly were not available to the commission for the rehabilitation of trackage, and makes a further provision for the extension of such trackage. Under the terms of the agreement such trackage extension will be paid for by the commission, and one would assume therefore that they are sufficiently in funds to take care of that aspect of the situation confronting them.

I am not sure this could not have been done by a simple amendment permitting the making of a loan to the harbour commission during the strenuous period through which they are passing. Undoubtedly there will be tremendous expansion in the Toronto harbour area, and it seems to me that some type of loan could have been made. After all, this money has been put up by the Toronto Terminals Railway Company only on a temporary basis. It is to be collected back over a period of ten years through the imposition of fees on carloadings charged to the two major railway companies.

I believe these same features could have been handled by the commission, and it could have retained strict control of the development if a loan of the kind I have mentioned had been made to it. In this way they would not have lost any of the area in which they exercise discretionary powers.

I realize that the extensions are to be by agreement, and that decisions are to be made by arbitration if no other means is successful. However, there are sections in the bill I find difficult to understand. For instance, there is the provision for the disposal of used material. I assume this would be in the form of trackage taken up. It appears that this used material is to be left for disposal by the commission. It seems obvious that the terminals railway company and the two national railways would have much better facilities for disposing of this kind of equipment, and I find it difficult to understand why the commission should be handling it.

I also note that interest on this money is to be charged monthly, a provision which seems somewhat unusual. Under an act of the province of Ontario interest can be calculated only on a quarterly basis. I do not see much difference between this legislation and legislation of other kinds under which money would be obtained.

Perhaps because I, too, am a lessee of property under the control of the harbour commission I have some concern over the fact that in the legislation the terminals railway company and the two national railways involved in the agreement are exempted from the payment of municipal taxes. It is indicated that the commission will undertake this burden for the three railway companies. I am sure I would be very happy if they would extend this privilege, because it would certainly relieve the burden on many taxpayers in that area.

I do not see why the bill should contain a provision of that kind. It would seem that this is a straight business transaction under which the terminals railway company is to be placed in possession and is to have the full advantages of the use of the land in question for a period of ten years. It is to be permitted to collect tolls which, in turn, will pay for the rental of the trackage in the area. I suggest therefore that it might be worth while to take a second look at that provision.

I said earlier that we would have an opportunity of considering the bill clause by clause. Before taking my seat, however, I would like to add that a tremendous job has been done in Toronto by the commission in connection with the development of the waterfront area. However, a problem of great magnitude is now facing them. I am not suggesting that they have not faced great problems before; but we know that in view of the development of the St. Lawrence seaway the position held by the commission in Toronto becomes of vital importance to that city.

I am reluctant to see the removal of any authority or discretionary powers the commission may have in connection with the development of the area. Of course until we have schedule A before us we cannot know exactly what provisions are being made for the development to take place. The commission is already facing serious problems when it meets other authorities. The municipality of metropolitan Toronto has had super highways designed which will cross the area, and which I am sure the commission will not regard as helpful to the enhancement and proper development of the area. As a matter of fact, instead of taking away any discretionary power, probably they should be in a position even to expropriate some of the city streets to provide for the orderly development of the whole area, which will eventually give Toronto the seaport facilities to which it will undoubtedly be entitled with the coming of the St. Lawrence seaway.

That is a very serious problem. They should have discretion to see that this development takes full advantage of the seaport area and is not impeded in any way by either companies or other governmental agencies which may not have the same opportunity, or may have more definite interests at heart than the commission which has been designed to take care of those problems which exist in the south end of the city. We shall welcome the opportunity of having a look at each item in committee.

Mr. R. H. Small (Danforth): I should like to ask the minister a question in regard to the existing railway sidings, in view of the fact that there is a considerable number of crossings on Fleet street in Toronto at the present time. Is there any control over crossings being added which will multiply the transportation difficulties in the rush hours of morning and evening? Has the harbour commission or the city of Toronto any control over that, and over additional level crossings or sidings in the manufacturing areas?

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker—

Mr. Speaker: If the parliamentary assistant speaks now he will close the debate.

Mr. Langlois (Gaspe): Mr. Speaker, dealing first with the remarks made by the hon. member for York West (Mr. Hamilton), I wish to remind him of a fact which he has apparently overlooked, namely that the Toronto Terminals Railway Company is jointly owned by the Canadian National Railways and the Canadian Pacific Railway. As I said a moment ago, all we are asked to do here is to ratify and confirm an agreement which was entered into among the Toronto Terminals Railway Company, the Toronto harbour commissioners, the Canadian National Railways and the Canadian Pacific Railway. When the measure goes before the standing committee on railways, canals and telegraph lines we shall have as witnesses Mr. A. D. Macdonald, regional counsel for the Canadian National Railways, and representatives of the Toronto harbour commissioners, who will answer such questions of details as those raised by the hon. member for York West and by the hon. member for Danforth.

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

FOREIGN AIRCRAFT

THIRD PARTY DAMAGE—PROVISION TO IMPLEMENT CONVENTION

Hon. George C. Marler (Minister of Transport) moved the second reading of Bill No. 263, to implement the convention on damage caused by foreign aircraft to third parties on the surface.

He said: This is a bill to implement the Rome convention on damage caused by foreign aircraft to third parties on the surface.

In 1933 certain nations signed at Rome a convention which set up international rules to govern the liability of air carriers for damage to persons and property on the ground. This convention was ratified by only five countries and was not effective. Since the war new developments in international civil aviation have emphasized more forcefully than ever the necessity for an international convention with regard to damage caused by aircraft to innocent third parties on the surface. It seemed desirable to the international civil aviation organization to make a fresh start on the problem and to set up, on the basis of the old Rome convention and in the light of the subsequent experience, a new convention which would ensure a just indemnity to third parties and give carriers the necessary protection against risk of liabilities so excessive as to make the cost of insurance a prohibitively heavy burden.

Though I shall not go so far as to say that the convention which is set out in the schedule to the bill is a perfect solution of the problem, I think it is a reasonable compromise of different views on legal principles and varying economic circumstances. I think in considering this legislation it ought not to be forgotten that, because the various countries concerned have different points of

view and different legal systems, an international convention is almost always the result of a compromise among their representatives.

The Rome convention was adopted at a conference held in 1952 in which Canada participated. Fifteen of the 32 countries represented at the conference signed the convention at that time; and though other countries, including the United Kingdom and Australia, have since added their signatures, only one country has ratified it. The Minister of Transport signed the convention on behalf of Canada on May 26, 1954.

The convention will come into effect when five countries have ratified it. I understand that some states are approaching the point of ratification, and I hope the convention will come into force in all countries in the world where civil aviation is developed.

The convention established a uniform measure of liability upon civil aircraft operators to any person who suffers damage on the surface when such damage, either in respect of loss of life or personal injury or in respect of property, was caused by foreign aircraft in flight or by any person or thing falling from it. It is based on the principle of objective liability; that is to say, from the moment any damage caused by a foreign aircraft in flight is sustained by a person on the ground, the carrier, that is to say the operator of the aircraft, becomes absolutely liable within the limitation specified by the convention.

The carrier can avoid this obligation only if he is able to establish (a) that the damage was a direct consequence of armed conflict or civil disturbance; (b) that he has been deprived of the use of his aircraft by act of public authority; or (c) that the damage was caused solely through the negligence or other wrongful act or omission of the person who suffers the damage or of the latter's servants or agents.

The limit of liability is based on the weight of the aircraft but is of such an amount that full compensation will be paid in all save very exceptional circumstances. In the case of a small aircraft weighing 1,000 kilograms or 2,200 pounds or less, the maximum liability would be 500,000 gold francs which is equal to $37,000. As will be observed from article II of the convention, the maximum liability increases progressively with the weight of the aircraft. Thus in the case of an aircraft weighing 100,000 pounds the maximum would be approximately $775,000. The liability in respect of loss of life or personal injury is limited to 500,000 gold francs or about $37,000, for each person killed or injured.

The carrier is entitled to the protection of these limits of liability except in the case of a deliberate act or omission done with intent to cause damage, in which case the liability is unlimited. In this way a carrier is given very significant protection in the event of an accident amounting to a catastrophe.

A further protection to the carrier is the introduction of the rule of the single forum. The convention provides that actions under its provisions may be brought only before the courts of the contracting state where the damage occurred, though by agreement claimants may take action before the courts of any other contracting state. In addition to the advantage of the single forum, the convention provides that judgments delivered in one contracting state can be executed in another contracting state without further litigation.

The convention provides for security for the carrier's liability by insurance effected in accordance with the laws of the state where the aircraft is registered. Alternative means of security are provided by cash deposit, bank guarantee, or state guarantee when the state is prepared to waive immunity for suit in respect of the guarantee.

The air transport board is satisfied that implementation of the convention by Canada, would be in the interest both of Canadian carriers and the general public. Trans-Canada Air Lines and Canadian Pacific Air Lines Limited, both of which are engaged in international air transport, are in agreement and have strongly recommended Canadian adherence.

Looking at the Rome convention broadly, I would say that on the one hand it provides reasonable safeguards for the injured victims on the ground in respect of damage to life and property in that they would have an uncontested claim for much if not all of the damage they might suffer from an accident caused by foreign aircraft. On the other hand the carrier is not forced to bear the heavy burden of carrying insurance against unlimited risk. Having regard to the diversity of national laws covering international air transport, there is the great advantage of having a uniform set of rules to govern liability for damage caused by foreign aircraft to third persons on the surface.

Mr. John B. Hamilton (York West): Mr. Speaker, this afternoon I feel a little like the pinch-hitter who appears at every game. I wonder if it would be possible for the minister to have this bill referred to committee as well. The reason I ask this is that I have looked over the debates in the other

place and I find that there was a great deal of confusion about the meaning of numerous sections of the bill, or at least of the schedule. Perhaps it would be much easier to go through a lengthy document of this kind in committee than it would be in the house. If that assurance is not forthcoming I shall have to go on and deal with the bill.

Mr. Marler: If I might interrupt my hon. friend I think I should say this to him, that I am not putting the legislation of the house on a take it or leave it basis. That would be far from my intention, and I would not wish hon. members to think for an instant that was the spirit in which I approached this subject. But the fact remains that, just as was said in the other place, it is not going to be possible to change one word of the convention. I think hon. members must themselves make up their minds as to whether or not the convention should be accepted as it is or whether it should be rejected.

Mr. Hamilton (York West): Then, Mr. Speaker, before we go into the committee of the whole there are a few aspects in connection with this legislation which excite my mind a little.

First of all, I feel that there is a possibility in connection with this agreement that we may find our Canadian air carriers priced out of the foreign market. Now, I am not using the term "priced" in its ordinary sense; I am using it in connection with the provisions here dealing with security. It reminds me a little of the GATT agreement. I am sure I shall be accused of being out of order in referring to that subject. It is nice to enter into these agreements, but it is not nice later when one of the contracting parties says, "There is an emergency here, and we are short of foreign exchange; we cannot allow you to send your products in here". It is possible for something similar to happen under this legislation. I am referring specifically at this time to chapter III, "Security for Operator's Liability," article 15, paragraph 4:

> Instead of insurance, any of the following securities shall be deemed satisfactory if the security conforms to article 17.

Paragraph 3 and the three subparagraphs of paragraph 4 refer to the accepting of satisfactory insurance. Paragraph 3 states:

> . . . the state overflown may refuse to accept as satisfactory insurance effected by an insurer who is not authorized for that purpose in a contracting state.

Paragraph 4 says that the securities provided in each case

> . . . shall be deemed satisfactory if the security conforms to article 17:
>
> (a) a cash deposit in a depository maintained by the contracting state where the aircraft is registered or with a bank authorized to act as a depository by that state;

Mr. Marler: Which paragraph?

Mr. Hamilton (York West): Subparagraph (a) of paragraph 4. It would appear to me that subparagraphs (b) and (c), although the terms are slightly different in each case, provide the discretionary power for the contracting party to approve or not to approve of the type of securities provided. As I see it, if Trans-Canada Air Lines should be working under a bilateral agreement with any number of parties to this agreement, and if it should be determined at any time by one of those contracting parties that they did not like the services provided by the Canadian air line, I see nothing to prevent them from ordering a type of security which would have the effect of placing an embargo on our air services entering their country. That would appear to be one serious problem which confronts us here.

The minister might be able as well to give us some explanation as to the meaning of the amounts arrived at here, on the basis of dollars. I am not a monetary expert. I understand that the minister referred to the amount of 500,000 gold francs, and perhaps he can explain whether they are any different from the other type of francs used in France today.

Mr. Marler: Quite different.

Mr. Hamilton (York West): We might have some explanation as to that, because if they are not, then obviously the liability here might amount to 10 cents, as far as we are concerned. If there is some stability to that type of currency which is provided in this international agreement, then I believe that the limits provided here exceed the minimum financial limits required by our own air transport board in connection with domestic air operations.

A third problem which confronts us is in connection with the ability of the contracting party to be cleared of any liability in connection with civil insurrection—I believe that is the term—in the country involved. I am wondering what would be the effect if, for instance, in a foreign country there was some type of civil uprising, someone planted a bomb in that case in a Trans-Canada Air Lines plane—this is not fantasy, by the way—and as the result of an explosion over a third country we found some question of liability.

Perhaps I have used the wrong air line. If it happened to be a foreign air line which was flying into Canada, say over Brampton, and some explosion of that nature occurred, is it possible under this legislation that complete immunity would be obtained because the accident was the direct result of, say, some civil problem arising in another state?

I also notice that there is for a period of time a continuing responsibility on the owner of an aircraft after the sale of the aircraft. This factor might have a distressing effect in connection with a Canadian operator of an aircraft. I know that under our insurance coverage it is provided—and I suppose the situation is the same in nearly all jurisdictions —that your car insurance continues to cover you after the sale of your automobile and, I think, for a period when you acquire a new one; but in this type of liability in which the owner may actually part with possession and legal ownership it is questionable whether there should be a continuing responsibility of this kind.

The minister has indicated that this agreement has the full approval of both Trans-Canada Air Lines and Canadian Pacific Air Lines. I feel some regret that neither of those companies, as I understand it, was invited to attend or to have any representative along with the representatives of the air transport board or the Department of Transport when negotiating this agreement. After all, they are certainly the two major parties in the country which are involved in connection with this legislation. I know that the president of Trans-Canada Air Lines has indicated that this legislation fills the bill so far as they are concerned, and that he feels satisfied with it. At the same time I feel that representatives of both these operating companies could easily have been included in the group which negotiated this agreement.

I am a little bit surprised as well that the minister has not been able to indicate the acceptance of this legislation by any great number of countries. Of course we are especially interested in the situation with regard to the United States. I understand that as yet there is no indication that the United States is even close to accepting this legislation. Without their acceptance of it I would think that one of our major problems in connection with air transport in this country—because several of their companies have certain rights in and through Canada—will be left uncovered. If the minister could give us any assurance that they are expected shortly to enter into this agreement I think a major problem would be overcome.

There is only one other matter to which I wish to refer. In connection with liability I have mentioned that the convention apparently provides limits which, so far as I am aware, exceed some of the limits set by our own air transport board. It also provides, of course, that where negligence is proved there is no limitation whatsoever. I wonder whether the provisions dealing with security are adequate to take care of the situation involving the negligent operation of an aircraft. After all, if there is an accident in which an aircraft of foreign registry is involved in Canada, it is quite possible that the only asset which will be available for execution will be the damaged aircraft itself after the minimum insurance coverage has been paid.

To a great extent this is a problem of property and civil rights, and in dealing with a problem of this kind it is a question whether the federal government should not go a step further and ensure that security be available to cover all losses, not just losses occasioned where no negligence is proved. It would appear that the legal rule of *res ipsa loquitur* has been used here. That would appear to solve only one part of the problem. The other part perhaps should have been taken care of through the same system.

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

On clause 1—*Short title.*

Mr. Marler: Mr. Chairman, I think it might be useful and might facilitate the discussion if Mr. Matthews, chairman of the air transport board, were in the committee.

The Deputy Chairman: Shall clause 1 carry or do you wish to wait?

Mr. Marler: I think clause 1 can carry. I do not think it gives rise to any difficulty.

Clause agreed to.

Clauses 2 to 5 inclusive agreed to.

On the schedule:

The Deputy Chairman: That brings us to the schedule. Does the schedule carry?

Mr. McCann: Let us take it up chapter by chapter.

The Deputy Chairman: The schedule is one clause but if it is agreeable to the committee we can call the schedule, for purposes of discussion, chapter by chapter. Chapter I is "Principles of Liability".

Mr. Michener: May I ask the minister whether Canada would be bound by this

agreement as soon as five countries have subscribed to it, notwithstanding the fact that the other country involved in an accident was not a party to the agreement?

Mr. Marler: My understanding of that matter is that although Canada would be bound, it would be only in respect of the contracting states.

Mr. Michener: That is what I want to know. It would only be countries—

Mr. Marler: And who had also ratified.

Mr. Michener:—who had ratified. If Canada ratified we would then be liable when their aircraft were here and they would be liable if our aircraft were there, but not otherwise.

Mr. Marler: That is so.

Mr. Hamilton (York West): At the end of the last sentence of the first paragraph there are the words, "in conformity with existing air traffic regulations". Would the minister advise us if all contracting parties to this agreement have common air traffic regulations, or are there different aircraft regulations in each of the contracting countries?

Mr. Marler: My information is that they are, of course, matters of separate regulation in each country. Just as Canada has the right to determine its air traffic rules, so would the other contracting states; but, as Mr. Matthews has informed me, there is a good deal of uniformity as between the various sets of regulations.

Mr. Hamilton (York West): Does that mean that in each case it would be the courts of the individual country which would interpret the air regulations of that country?

Mr. Marler: I think the hon. member is losing sight of the fact that as a result of the convention the mere fact that the damage is caused by a foreign aircraft to a third person on the surface makes it unnecessary to go into the question of whether it was following the rules or was not following them. In other words, it is deemed to be liable and it can only escape liability under the condition set forth in article 5, which reads:

> Any person who would otherwise be liable under the provisions of this convention shall not be liable if the damage is the direct consequence of armed conflict or civil disturbance, or if such person has been deprived of the use of the aircraft by act of public authority.

In other words, if an engine drops off and causes damage you do not have to prove negligence. You merely have to prove the fact of the damage.

Mr. Hamilton (York West): The minister might enlighten us in connection with the other instance, where there is negligence to be proven and where there is going to be unlimited liability. Will that not be according to the particular regulation and in the country's courts?

Mr. Marler: No. The point I was trying to make was that it is not necessary to prove negligence. All that is necessary is to prove damage. As the hon. member will notice in reading the convention, if the damage occurs in the province of Ontario, let us say, the person suffering the damage sues in the courts of the province of Ontario and he does not have to prove that the accident was due to negligence. He merely proves the fact of the damage. That obviously is the advantage of the convention, which is counterbalanced, I think hon. members will agree, by the fact that there is a limitation of liability. If we were to have no convention, as I understand the situation, negligence would have to be proved and there is no limitation on liability at the present time, with the result that it might be possible to get a judgment but it might not be possible to enforce it. The effect of the convention is, first of all, to eliminate the necessity of proving negligence, to establish the place where the suit must be brought, and to provide a fund, if you like, or security upon which the judgment can be realized by a simple process.

Mr. Hamilton (York West): Perhaps we are talking at cross-purposes. Do I not understand that this does not limit liability where negligence can be proven?

Mr. Marler: I am afraid the hon. member is misinterpreting the sense of the convention. Once the convention becomes effective, saving acts of deliberate damage to which I referred earlier, whether or not negligence is proven the liability is limited in accordance with the statement to which the hon. member alluded a moment ago. Perhaps I had better deal later with the question of the gold francs.

Mr. Churchill: Chapter I, article 1, subsection 2, says that an aircraft is considered to be in flight from the moment when power is applied for the purpose of actual take-off until the moment when the landing run ends. Do I understand from this that taxiing into position at the start of a flight and taxiing to the unloading place do not enter into the question of liability here in case there is an accident during that particular operation? In other words, how do you determine when the actual take-off occurs and the landing run ends?

Mr. Marler: I think the convention is pretty clear on that subject. The aircraft is considered to be in flight from the moment when power is applied for the purpose of actual take-off until the moment when the landing run ends. As we are talking about aircraft and not craft lighter than air I think it is perfectly obvious that the convention does not apply during the so-called taxiing operation. I should like to remind the hon. member that this does not concern damage to people in the aircraft. It is damage to people on the surface.

Mr. Churchill: People have been injured when airplanes have been taxiing into position or when the engines have been started, and so on, and I was wondering why that was not mentioned.

Mr. Hamilton (York West): If a four-motor American Air Lines plane was warming up its motors at Malton airport and one of the propellers flew off and killed somebody, that person would not be covered under the convention?

Mr. Marler: I do not think the convention applies in that case.

Mr. Hamilton (York West): Does the minister know of any particular reason for that?

Mr. Marler: Not having participated in the 1952 negotiations I am unable to answer that question.

Mr. Hamilton (York West): Do I understand that under article 2 there is this continuing liability to which I referred previously, and that the owner may have parted with legal title and yet be considered responsible under the convention?

Mr. Marler: I think the answer to that is yes. If I may reply at this moment to what the hon. member said during the debate on second reading, I should like to draw his attention to the provision of subparagraph 4 of article 11 which shows what is the meaning of a gold franc. I am sure if he reads that clause carefully he will find that inasmuch as the gold franc is tied to a certain quantity of gold it can hardly be expected to fluctuate as violently as he implied a little earlier. I did say that 500,000 francs were the equivalent of $37,000, and by my arithmetic that would be 7·4 cents for a gold franc.

Mr. Hamilton (York West): I was going to say that at the price the government pays for gold it would never change. Is there any particular reason—

An hon. Member: Six o'clock.

The Deputy Chairman: Does the committee wish to complete the schedule or call it six o'clock?

Mr. Harris: At this point, Mr. Chairman, without asking you to resume the chair, may I say that we shall of course continue this matter after dinner. As hon. members know, I announced the resolution with respect to blind persons. I see that the hon. member for Lethbridge is here, and should that resolution be completed before ten o'clock by any chance, I wonder whether he would be prepared to continue his speech in the debate on the motion with respect to external affairs?

Mr. Blackmore: Yes.

Mr. Harris: We could use whatever time was left before ten o'clock for that purpose.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: At six o'clock we were discussing chapter II of the schedule.

Mr. Hamilton (York West): Can the minister give us any idea why the 14-day period was selected for the continuing liability?

Mr. Marler: To which clause is the hon. member referring?

Mr. Hamilton (York West): That is article 3.

Mr. Marler: I am looking at article 15 because I understand that chapters I and II had been adopted.

The Deputy Chairman: Chapter III starts on page 6.

Mr. Hamilton (York West): I think we may have been under a misapprehension here. We were looking at article 3 on page 3 as the next item. Certainly that was the impression I had. I do not know whether or not any other hon. member had the same impression.

The Deputy Chairman: I do not think there is any wish on the part of the committee to limit discussion, so perhaps we might revert to that article for the moment.

Mr. Marler: I think I could answer my hon. friend by saying that we do not know why the period of 14 days to which he has referred was selected. Evidently that was the agreement in 1952, and I do not think it has any particular significance.

The Deputy Chairman: Shall we pass on now to chapter II?

Mr. Hamilton (York West): No, Mr. Chairman. Article 5 on page 3 puzzles me a bit. If the owner of an aircraft is deprived of its use by the act of a public authority, whose responsibility is it? As an example, assume that an agency of the United States government seizes an American Air Lines plane flying into Malton to transport refugees, or whatever you want to call them. Is there any liability on that party then under this convention?

Mr. Marler: If I understand the hypothetical case to which my hon. friend refers, if the United States government deprives one of its citizens of the use of his aircraft and then flies it over Canada, I take it that under article 5 the owner of the aircraft is relieved from liability under the convention because he has not the control of the aircraft, as this public authority has taken it away from him.

Mr. Hamilton (York West): Would the state then become the operator and also be liable?

Mr. Marler: I notice that in another section of the bill, in defining the meaning of the word "person", it goes so far as to cover the state. If my friend looks at article 30 he will see that.

Mr. Hamilton (York West): The only point in connection with that, Mr. Chairman, is that I think the two terms used have been "owner" and "operator" and not "person" up to this point. I may be wrong. No, "person" is used; that is quite right.

The Deputy Chairman: Anything further on chapter I?

Mr. Hamilton (York West): Yes, article 7, which I have read along with article 13 on page 6, which is part of chapter II. Is it the intention here that both operators of the aircraft which subsequently injures a third party will be liable through the insurance fund or otherwise to the full extent of the coverage?

Mr. Marler: Yes, that is correct.

Mr. Hamilton (York West): Is that not an unusual situation? Ordinarily when third parties are involved is it not usual that the liability is limited to one stipulated amount?

Mr. Marler: I will not generalize, but as I understand the convention each aircraft will be liable up to the full limit that is mentioned in the convention.

Mr. Hamilton (York West): In other words this would be almost what you would term a double indemnity clause. If T.C.A. were involved in an accident over foreign territory and on a negligence basis were only responsible to the extent of 25 per cent, they would still have to pay the total amount out of this insurance fund?

Mr. Marler: That is the limit of the liability of each of them.

The Deputy Chairman: Anything further on chapter I? Shall we go to chapter II, "Extent of Liability?"

Mr. Hamilton (York West): The minister spent a considerable time explaining to me the gold franc system, and the Minister of Finance has assisted me at various times as well. Is there no way this amount can be tied to a current price? The minister was able to explain that the limit of liability on a light aircraft amounted to about $37,000. I assume that was based on the present price of gold. Would it not be true, notwithstanding the formula used, that if tomorrow the United States decided $25 per ounce was going to be the price paid for gold, this formula would leave us paying out to an aggrieved party possibly only three-fifths of the amount the minister has mentioned. Is that not something that could take place?

Mr. Marler: As I understand it, Mr. Chairman, the significance of article 11, particularly the fourth paragraph, is that the measure of damage is expressed in gold francs and the gold franc is not expressed in currency but is converted into 65½ milligrammes of gold of millesimal fineness 900. I take it that if there is fluctuation you have always to go back to what is the worth of 65½ milligrammes of gold of that particular fineness. I would find it difficult, offhand, to suggest some other measure that would remain constant that would be better than this.

Mr. Hamilton (York West): Under article 12, which is still in chapter II, there are paragraphs 1 and 2. They seem to leave unlimited liability in a case of wilful damage. Does that still envisage that the minimum amount under the convention insurance fund will be payable notwithstanding what the final judgment might be?

Mr. Marler: I think it is obvious that the purpose of this section is to remove the limitation on liability that we have been discussing. At the same time I do not suppose that the insurance is going to be for an unlimited amount. I take it that the insurance that would be required would be up to a certain limit. I think the provisions are stated further on. I do not think you could expect to recover more than the limits of the insurance.

Mr. Hamilton (York West): Does the minister understand that the same thing would take place as takes place in connection with automobile insurance? When $20,000 is covered out of a claim amounting to $40,000, does this paragraph contemplate that $20,000 must be paid, namely that the minimum requirement must be paid?

Mr. Marler: Yes.

Mr. Hamilton (York West): From reading article 14 it would appear that in dealing with personal and property damage there has been a division of the amount available for the satisfaction of a claim. It would seem that it is divided into two parts, 50 per cent for personal loss and 50 per cent for property damage, with the overriding feature that in respect of property damage if the 50 per cent more than covers the property damage claim the balance available would go toward the payment of personal injury claims. I would gather the effect might be this, that there might be claims in connection with personal injury amounting to $50,000, in which four or five persons would be involved, and that there might be only $25,000 involved in property damage suffered by different persons. They might get all their money, whereas those making claims for personal injuries might receive only a small percentage of those claims. Would that be the result, under the wording of this article?

Mr. Marler: My understanding is that this article applies only in a case where the amount of the claims exceeds the amount of the security. My understanding of the convention is that it provides that the first half shall be divisible among claimants in respect of bodily injury or loss of life. So far as the other half is concerned, it would be available not only to those claims in respect of damage to property but also to the first group so far as their claims remained unsatisfied out of the first half.

Mr. Hamilton (York West): But does not this arbitrary division have the effect of separating the arrangement so that in one section we might have a situation where a total claim was paid out, 100 cents on the dollar, whereas in the other section it would be paid out to the extent of only 10 cents on the dollar?

Mr. Marler: No, I do not think so. I will not challenge the last figure, because I do not think it is relevant. But the position must be that the claims exceed the amount available for distribution. The point is that one-half goes to the claimants in respect of bodily injury or loss of life. The other half is divided up among the same group of claimants and the claimants in respect of property. So far as I can see it is impossible that any group should receive payment in full. In fact, I think if the hon. member would carefully examine the article in the convention he would find that it gives a sort of priority to those who have claims for bodily injury or loss of life.

Mr. Hamilton (York West): I may be slow in understanding this, but if there is one group of people with personal injury claims amounting to $100,000 on one side and $25,000 property damage on the other, and there is a policy for $150,000—

Mr. Marler: You have too much money.

Mr. Hamilton (York West): —and we divide it under this system, I think you will find that the property damage people are getting all their claims, while the personal damage people are getting only a dividend on their claims. Is it possible that that might happen under this article?

Mr. Marler: In the figures my hon. friend just gave as to the amount of claims he started off on the premise that the claims were less than the amount available for distribution. Of course on that basis everybody would be paid in full. But if there is only $100,000, and let us say claims for personal injury of $75,000 and claims for property damage of $75,000, those who have the claims of $75,000 for bodily injury will receive half the $100,000, or $50,000. That leaves claimants of $25,000 for bodily injury, plus claimants of $75,000 for property damage to divide up the remaining $50,000. I think my hon. friend will realize that the claims in respect of bodily injury will receive another $12,500 and those in respect of property damage will receive $37,500. So that the claimants for bodily injury will be receiving $62,500 while the others would receive $37,500. I hope my arithmetic is right, and I think it is. But the principle is quite clear, according to the article in the convention.

Mr. Hamilton (York West): Would it not be fairer if the whole amount were pooled and a proportionate dividend paid to all, *pro rata*?

Mr. Marler: Offhand I must say that I think the individual ought to be compensated in respect of bodily injury or loss of life before compensation is given for property damage. That may be a matter of opinion, but it was certainly the opinion of those who drew the convention.

Mr. Hamilton (York West): But you do not compensate him first. You just divide the fund; is that not right?

Mr. Marler: I do not think I can add much to what I have said.

The Deputy Chairman: Then we will pass on to chapter III, which deals with security for operator's liability.

Mr. Hamilton (York West): This is the chapter dealing with the requirements of contracting nations in connection with insurance coverage requirements and/or the cash requirements and bank guarantees, or otherwise required to be filed covering the responsibilities of the various parties.

In connection with the interpretation of these articles—and I do not wish to refer to any one in particular—is it not possible for a contracting party to refuse any of the types of security mentioned here, as being unsatisfactory to it?

Mr. Marler: Mr. Chairman, I think it might be said that under the convention there might be a dispute as to the sufficiency of insurance. There are provisions under which a contracting state may dispute an insurance payment. There is provision for discussion as to the insurance and the settlement of the dispute. I think paragraph 7(a) enables a state overflown to request additional evidence of financial responsibility. But, unfortunately, perhaps this is somewhat reduced in efficacy by paragraph 7(b) which provides that in the event of a dispute between states as to financial responsibility the insurance or guarantee shall continue valid until the dispute has been settled by an arbitral tribunal. I admit that is not a very satisfactory outcome, but on the other hand I do not think that anybody would be particularly interested in maintaining insurance that really was not effective because after all, as my hon. friend knows, if the insurer is not going to pay at the appropriate time the insured in this particular case is going to have to provide the moneys.

Mr. Pallett: In chapter IV, provision is made for the commencement of an action within a certain length of time. Further down in the chapter reference is made to the possible revision of the whole action by the court of the other contracting party. Some provision should be made that would set out when the judgment will be final, rather than allowing it to be reviewed by the courts of the other contracting party. Look at article 19 of chapter IV and read article 20, paragraph 5. Article 19 provides for the commencement of the action and paragraph 5 apparently provides for a complete review.

Mr. Marler: I think that refers only to the execution of the judgment. As I understand it, article 19 says that the time for the bringing of the action is six months, but the paragraph to which my hon. friend has just referred, as I understand it, deals with the execution of the judgment; that is to say, after the facts have been determined and the operator of the aircraft found liable.

Mr. Hamilton (York West): In connection with chapter IV, article 20, paragraph 5, under the rules of which court of competent jurisdiction would the proceedings dealing with the reopening of the proceedings be taken? What might be considered as a fair service of notice under the rules of one court might not be satisfactory service under the rules of the other court. I can see this situation arising. The court where the execution is issued might be a foreign court, and it might refer to proceedings taken in the court where the judgment was obtained as not giving proper notice to the defendant. The court where the notice was given might consider that it was quite proper notice. Is there any indication here as to which rules will be followed, the rules of the court where the execution was issued or the rules of the court where the judgment was obtained?

Mr. Marler: I take it, of course, from what was said earlier in the discussion that the judgment is obtained in the state in which the accident occurred. I cited this afternoon as an example that if the damage were suffered in the province of Ontario, the action would be brought in the province of Ontario and judgment rendered. But I do not believe it would follow that the judgment of the Ontario court is necessarily going to be executed in, let us say, the place where the operator of the aircraft has his principal establishment. It might be found convenient to take proceedings for execution in the state of New York; and I take it that the rules which are set forth in paragraph 5 would be determined by the court in which the judgment creditor attempted to enforce execution of his judgment.

I take it my hon. friend would feel that it was not unfair that the court which was being asked to order execution of some foreign judgment might reasonably say, "Was the defendant given a fair and adequate opportunity to defend his interests?" I am quite sure my hon. friend would not wish to find that his client, for example, had been condemned by a court of some other country on what seemed to him to be totally insufficient motives. I think he would like to feel that his client would be protected at the crucial moment when execution was asked for, and to know that the court would make certain that adequate notice of the action was given originally.

Without having practised before the courts I must say that it does seem to me that in a general sense these provisions are intended to ensure that the person being asked to pay will receive justice.

Mr. Hamilton (York West): I was thinking more of protection for our own operators in connection with obtaining execution of their judgments in a foreign country. Obviously, under this paragraph, it is quite definite that the merits of the case cannot be reopened, but the rules of the court dealing with service may be entirely different in country X than they are in the province of Ontario. I go further and say that under paragraph 7 I find that we are also subject to the whims and fancies of the public policy of the state in which the execution is requested. Country X may be down in South America, so far as I am concerned, and what may be public policy there from day to day may materially affect our air operators' opportunity of collecting a judgment.

Mr. Marler: Surely not of collecting, but of having to pay, is it not?

Mr. Hamilton (York West): Well, I would say it is the ability to collect through the process of issuing execution under these paragraphs.

Mr. Marler: I think my hon. friend is forgetting that the people who are benefiting through this convention so far as these claims are concerned are third persons on the surface. The case that he has just referred to, I take it, is that of a resident of some foreign country in Central or South America who may obtain in the courts there a judgment against, let us say, Trans-Canada Air Lines, and I suppose that if he could enforce that judgment against property down there that would be the Trans-Canada Air Lines' misfortune. If it considered it did not receive adequate notice, the judgment would not be enforceable in the courts of Ontario, let us say, unless the conditions set forth in paragraph 5 were realized.

Mr. Hamilton (York West): I may have used a wrong example. Perhaps I should have said a citizen of Ontario having obtained a judgment in Ontario and attempting to force execution in country X is subject, as I see it here and if I understand the minister's interpretation of the rules of court, to the rules of court in foreign country X so far as the efficacy of service is concerned and subject to the whims and fancies, if I may use that term, of public policy of that state. Is that right?

Mr. Marler: I think so, yes. But I should like to point out to my hon. friend that that is the situation now. Regardless of the convention, if the aircraft is registered in some foreign republic and if an individual wishes now to enforce a claim for damages, he obtains a judgment from the Ontario court. If there is something within the jurisdiction of the Ontario court on which he can obtain execution, well and good. If he cannot, he knows that he has to go to the republic and in the courts there run his chances of being able to exemplify and execute a foreign judgment. I am sure the hon. member has tried to execute foreign judgments in Canada, and I am quite sure he realizes it is not a simple process.

Mr. Hamilton (York West): This convention does not add anything to the person's rights?

Mr. Marler: I think not.

The Deputy Chairman: Is there anything further on chapter IV? We shall now deal with chapter V, "Application of the Convention and General Provisions".

Mr. Pallett: I have a question with respect to article 26. Is there any agreement between Canada and the United States with respect to payment to Canadian citizens for damage occasioned by United States military aircraft in Canada? This provision specifically exempts them. I was wondering if there was another provision that includes them.

Mr. Marler: I do not think the hon. member is right in saying that it exempts them. It excludes them from the operation of the convention entirely, and I think I should say to my hon. friend that I know of no agreement that exempts the United States from liability for accidents caused by its aircraft to Canadian citizens. Certainly article 26 does not grant an exemption which does not exist at the present time.

Mr. Pallett: It does not include military aircraft.

Mr. Marler: No. In fact my understanding of the convention, Mr. Chairman, is that military, customs or police aircraft are excluded from the operation of this convention.

The Deputy Chairman: Is there anything further under chapter V? Then chapter VI, "Final Provisions".

Mr. Hamilton (York West): In connection with chapter VI, article 33, I wonder if the minister might be as specific as possible and tell us how many nations have signed this convention and, second, if he has any official notification of the attitude of the United States.

Mr. Marler: I shall answer the last part of the question first, by saying there is no

official indication of the attitude of the United States. These are the names of the countries which have signed the convention. I take it that my hon. friend is not going to write them down, so I shall read them quickly: The Argentine, Belgium, Brazil, Denmark, the Dominican Republic, Egypt, Spain, France, Israel, Italy, Liberia, Luxembourg, Mexico, The Netherlands, Portugal, The Philippines, Switzerland and Thailand. After the convention was originally signed, it was also signed by Great Britain, Australia and Canada.

Mr. Hamilton (York West): Would I be correct in saying that not more than three of those countries listed have aircraft now operating over Canadian soil?

Mr. Marler: I think I would say there are four or five. There are, of course, France, The Netherlands, Switzerland, Great Britain, and Australia.

Mr. Hamilton (York West): Could you give us any idea of the proportionate number of flights they operate?

Mr. Marler: No, I am afraid I could not.

Mr. Hamilton (York West): Would I be correct in saying that they operate a small proportion of the total number of flights into Canada?

Mr. Marler: I would think so, yes. On the other hand they represent 100 per cent of the foreign aircraft flying over Canada.

Mr. Hamilton (York West): That does not include the United States, does it?

Mr. Marler: No.

Schedule agreed to.

Bill reported.

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

An hon. Member: Next sitting.

The Acting Speaker (Mr. Applewhaite): Next sitting of the house.

BLIND PERSONS ACT

AMENDMENTS LOWERING ELIGIBLE AGE TO 18 YEARS AND INCREASING MAXIMUM ANNUAL INCOMES

Hon. Paul Martin (Minister of National Health and Welfare) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Blind Persons Act to lower the age for eligible recipients from twenty-one years to eighteen years, and also to increase the maximum annual incomes allowed to recipients.

[Mr. Marler.]

Motion agreed to and the house went into committee, Mr. Applewhaite in the chair.

Mr. Coldwell: Is the minister not going to say anything? Undue modesty!

Mr. Blair: I welcome anything that will be of assistance to those who are suffering from this handicap, and the fact that the age is lowered from 21 to 18 years is a step in the right direction. Personally I feel—and I should like to hear the minister's comments on this matter—that if the age were still further lowered to, say, 16, when other assistance in the nature of family allowances ceases, that money could be well used at a time when it was necessary for the education of these people who have this affliction. I think education for these people at an early age is a very important thing and that such special assistance, even lowering the age two years more, would enable them to obtain further education and fit them to carry on their lives under their handicap.

I received, as I suppose every other member of the house did, sometime about February, a brief from the Canadian council of the blind and the Canadian National Institute for the Blind. I am also very much aware of the splendid work being done by voluntary organizations in this line, and I would also mention the fact that medical science is doing a great deal in the way of prevention of this disability. But I note that the Canadian national council of the blind bring forth three recommendations; they comment on these, and at the finish of their brief they summarize these recommendations.

The first recommendation—and this was made before the minister introduced his legislation—was that the Blind Persons Act be amended, substituting age 18 years for the present 21 years for recipients of the blindness allowance. So the present resolution covers the first recommendation of the Canadian council of the blind.

The second recommendation was that the means test ceiling provided in the Blind Persons Act be raised to statutory minimum levels for single and married persons now applicable in the Canadian Income Tax Act.

The third recommendation was that a special guiding allowance of at least $10 per month be provided by the government of Canada, free from the means test, to all blind persons from the age of 18 years for life.

In their general comment—and these figures are interesting, because I think figures produced by the organization are authentic—they point out that elimination of the means test on the present blindness allowance would affect only some 3,800 persons in the age

group 21 to 69 who are not now on the allowance, plus those who are on the allowance but for whom the amount has been reduced more or less because of income in excess of the present ceiling. The explanations they make are interesting. They estimate that the elimination of the means test would cost approximately $2 million, and they say further:

> Hence, the elimination of the means test would benefit only a few of the 8,000 presently on blindness allowance and none of the 7,500 on old age security.

Then they give revised recommendations. Again the first is that the age reduction from 21 to 18 would add approximately 290 to those on blindness allowance and would cost about $139,200 per annum. That is covered by the resolution. The second is that the increased ceiling recommended would add approximately 500 and would cost $240,000. The third is that a guiding allowance free from the means test would cover approximately 19,000 and would cost $2,280,000. So the estimated cost of the three recommendations made by the Canadian national council of the blind would amount to approximately $2,500,000 per annum. The first recommendation brought in by the minister today is going to cost $139,200.

They also pointed out that the principle endorsed by the world council for the welfare of the blind involves the payment of maintenance allowance to the less capable blind, subject to a more or less generous means test and a guiding allowance.

We welcome the resolution brought in by the minister. We think it is a good resolution. I am sure every person in the chamber will approve this assistance to these handicapped people. Yet one must recognize two other recommendations made by the Canadian council of the blind. In any future legislation I think we should proceed as far as we can toward implementing these recommendations from such a responsible body.

As I said, I welcome the additional amount that is being paid. I think it is a step in the right direction. But I think that the whole committee will feel that in future legislation we should proceed as far as possible toward implementing those recommendations.

Mr. Coldwell: Mr. Chairman, I am going to be brief because I think there is unanimity in the committee in support of the proposals contained in this resolution. I join with the hon. member in saying that I think the age limit should have been lower than it is. I agree with him that when family allowance ceases the blind pension should begin. That would be at the age of 16. However, we have gone about this particular piece of social security legislation bit by bit and step by step.

I was here, of course, when the first blind pension plan was introduced. I had been greatly interested in the problems of the blind for many years. In fact at one time I had the honour of being honorary president of an organization in my own province and I was able to meet the blind people at that time, to understand their problems, and to realize how essential it was that something constructive should be done for them.

I quite agree that, after all, the education of the blind is of paramount importance. We have schools for them in various places, more particularly in the province of Ontario. One thing I should like to see is the adoption of a plan whereby the federal government might assist the provinces in building schools for perhaps two or more provinces. I should like to see one for the three prairie provinces so the children would not be obliged to go so far afield and be away from their parents for such long periods of time.

Many of the blind people, given the opportunity, are able partly to earn their own living. They are severely handicapped, hence can rarely make an income which is sufficient to meet all their needs. But given the opportunity they can at least partially provide for themselves. That is one of the reasons that I should like to see the ceiling on the earnings they may get from their labour, whatever it may be, increased considerably. I think the suggestion of the institute is reasonable, namely that the ceiling should be raised to the income tax minimum in the cases of single and married people.

But while I am of that opinion, I am much more interested in seeing the eligibility age reduced. I should like to see it reduced as soon as possible to the age of 16. As a matter of fact I should be inclined to go lower than 16, in order to help provide for the education of the child at an early age. After all, the parents assume an obligation and often a tremendous burden in caring for a blind child. Then too, the request for some allowance for a guide is, in my opinion, reasonable and fair.

While we are extending our social security system in various directions I think there is no more worthy cause than the extension of the system to those who are handicapped by loss of sight. It is true, I am happy to say, that modern medical science, as has already been pointed out, is doing much to remove

blindness from our midst. Often sight can be restored. If the child is taken in hand soon after birth, often the threat of blindness can be removed by physicians. That consideration, of course, brings me to the hardy chestnut of our movement, namely that the provision of medical aid on a national basis is something that should round out our social security system. It would be of assistance in cases of this sort, where medical attention would be immediately available, and blindness sometimes would be prevented by speedy action by qualified physicians.

I do not think there is much I can add, except to say that we are and always have been wholeheartedly in support of this type of legislation. Speaking personally, I may say that I have always been exceedingly glad to support in this chamber any proposal which would assist this group of people in any and every way possible. I am happy indeed that this measure has been introduced. I hope that in another year at most we shall see amendments introduced designed to remove the ceiling or to raise the ceiling and reduce the age limit progressively, perhaps the next time, as requested to 16. I should like to go beyond that point and see the next step the reduction of the age below 16, before family allowance ceases.

Mr. Low: Mr. Chairman, at this stage I would not think it necessary to speak at any length with regard to this resolution. However, I can say that we are grateful that the Minister of National Health and Welfare has seen fit to propose to the House of Commons a measure which will do the two things that are outlined in the resolution, namely reduce from 21 to 18 years the age at which blind persons become eligible for assistance, and increase the maximum annual incomes allowed to recipients.

At this stage we do not know how much the increase will be in annual income, but we are certainly in favour of both these things that are specifically mentioned in the resolution. We should like the minister to know that we would support a considerable increase in the ceiling on annual income allowed to blind persons because, as has already been pointed out, these people are carrying on under great handicaps. They require a much higher income than do ordinary persons, in order that they may do the things they are obliged to do. The cost of their training is much greater, the cost of assistance to get around is much greater, and all that sort of thing.

I am quite sure we are not telling the minister anything he does not already know. We are hopeful that he will take into full consideration the requests that have been made by the Canadian National Institute for the Blind, in which I believe they mentioned the necessity for granting some allowance to blind persons in order to help them pay for guides where it is necessary to have guides. I do not know anything at all about the cost of a guide. I have not the slightest idea of what it costs to obtain and to maintain a seeing-eye dog or even to obtain the services of a human guide where it is necessary. However, the cost must be considerable. I would think that is nothing more than reasonable that we should give careful consideration to the requests that have been made that these people be given a certain allowance each year for guide purposes.

We would prefer to wait until the measure comes before us to debate the matter at any length, and so we reserve our criticism until we come to second reading of the bill. Suffice it to say at this time that we are very happy to see progress being made in the right direction, and we do hope the minister has gone as far as it is possible for him to induce his colleagues to go along with him at this time.

Mr. Fraser (Peterborough): Mr. Chairman, I should like to say a few words on the resolution. I have a great deal of sympathy for those who do not have their sight, and I believe it comes closer home to me than to most members of the House of Commons because of the fact that a daughter of mine was thrown from her horse some years ago, landed on her head and as a result of that accident became blind.

I know what a blind person has to go through in this life. I have had dealings not only with one blind person but with a great number, and may I say they do not want sympathy. They want to be able to work on their own and do things themselves. That is one way the Canadian National Institute for the Blind has done a lot for them. They send teachers and instructors to the blind people if the blind people want them. These teachers and instructors have taught them to read braille. They have taught them to use typewriters and other machines that even the minister or I, having our sight, perhaps could not handle. They have taught them to do many things. They have taught them to earn their own living.

But these blind men and women who have gone out to earn their living have found that they cannot get the pension owing to the fact that their earnings are too great. At the same time it costs a blind person more money to live than it does the man working at the next machine, because the blind person has to have someone guide him to the bus and to the plant where he is

working. He has to be picked up again and taken home. In the home he has to be instructed to a certain extent, although not very much, in this and that, and shown where certain things are.

During the years the Canadian National Institute for the Blind has been in operation—and I speak particularly of the Peterborough branch with which I have had a lot to do—it has had to supplement the incomes of blind people in order that they might have fuel in their homes in the wintertime, proper clothing and medical attention and other little things they could not get on the blind pension or even when working and living at home. Most of these blind people are very intelligent. This is partly because of the fact that the Canadian National Institute for the Blind has supplied them with what are known as talking books. These are volumes of records on literature, history and geography. They have the *Reader's Digest* and the Bible in so many volumes, and the blind people can learn things by playing the records in these talking books. This is something else these people have to have in order to get along, but these books cost money.

There are many other things they have to have. The hon. member who just spoke mentioned seeing-eye dogs. Personally I am not very keen on blind people having seeing-eye dogs owing to the fact that they depend on the seeing-eye dog instead of depending on themselves. I think they lose something by having a seeing-eye dog, though these dogs will take them wherever they wish to go.

There is not much more I wish to say. In my opinion the lowering of the pensionable age from 21 to 18 is not good enough. It should be lowered to at least 16, as the hon. member for Lanark and the hon. member for Rosetown-Biggar mentioned, in order to pick up where the family allowance leaves off. There is a gap there of two years during which the parent has to look after the blind child. It is not fair. It means they have to deprive themselves and their other children, if they have any, of many necessities of life in order to look after the one child who needs extra attention. I hope that the ceiling on allowable income will be high enough so these people will not have to deprive themselves of things they have had to deprive themselves of in the past.

Mr. Regier: Mr. Chairman, I regret that the minister did not choose to introduce this resolution with any remarks. I know he is waiting for us to conclude. However, I am pleased to see so much interest taken in the resolution at this time. I wonder whether the minister is so keenly aware of the situation, when the government is unable to see its way clear to give our blind people a dollar more out of every $10,000 of our national production. If we granted all the amendments to the act they asked for in their brief it would, as the hon. member for Lanark pointed out, cost $2 million, a little below 1 per cent of 1 per cent of our national production. I think their brief was like that presented to the government by the returned men of Canada. It was deliberately designed with the hope that it would appear so reasonable to the government that the government would not be able to find an argument as to why their requests should not be completely met.

I do not think the brief really represents what the members of the institute feel they should have. So far the only amendment about which we know anything definitely is that lowering the age of eligibility to 18. According to the brief that will cost the government only $139,200 a year. If I were a minister offering such a great social reform I would also hesitate to speak on the introduction of the resolution. After all, it would amount to only a relatively minor amendment.

In looking over the act I notice that this is another case where the federal government embarks on something in co-operation with the provincial governments on the basis of sharing the cost. I realize that possibly this is an invasion of provincial rights. However, I see no reason why this government has to limit itself to paying only 75 per cent of the cost of this pension. In these days we are particularly concerned about how we can rearrange the incomes of our lower levels of government. I think relief to some extent might be offered to the provincial governments if the federal government were to accept 100 per cent of the cost of blind pensions, just as they did in the case of pensions for our senior citizens over 70.

The leader of the group to which I belong pleaded with the minister to lower the eligible age for pension even more than the minister has offered. The hon. member for Rosetown-Biggar asked that the age be lowered to at least 16, and I was very happy to hear him use the words "at least".

I think the approach of the group to which I belong would be this. When such a tragedy happens to a family I think all of us in the community should say, not that we will shoulder the burden of this family—because no one who has a blind member of the family will ever admit it is a burden—but we should say we will shoulder the extra responsibility that you have as a result of having a member of your family who has the misfortune to be

blind. I do not see why there should be any age limit to a blind pension paid on behalf of society as a whole, because if we say that a blind person must first reach the age of 18 to receive a pension, that person has already passed the age when a heavy outlay of money has to be made on his behalf.

Blind people like to feel that they also have a contribution to make to society and to the community in which they live. Before they can make that contribution they need training, the cost of which is away beyond the cost of an ordinary education. I feel, for that reason alone, that this pension should be payable at whatever age blindness occurs. I feel also that in many cases blind persons would have been able to regain their vision if an adequate income had been made available at an early age.

Another matter I wish to emphasize is that it seems to be taken for granted that we should pay no more in allowances to blind persons than we pay to old age pensioners. I was very happy to hear the hon. member for Peterborough place emphasis on the fact that a blind person has added expense. I believe we ought to get away from this idea of a $40 maximum for all those who receive pensions. If $40 is a suitable amount for old age pensioners, then certainly meeting the request of these national associations and allowing blind persons an extra $10 per month would not be out of the way. Even with $50 per month they would actually be receiving a great deal less than they need.

I notice the resolution mentions the maximum permissible income. We have no information as yet on what is proposed. I should like to see the legislation state that the means test will be removed altogether. I feel that the cost of administering such a means test must consume a considerable portion of the money that is saved by having such a test. This means test discourages the building up of self-respect in these people. I think they would like to find useful employment, and having a means test at all is merely discouraging these people from getting the training necessary to earn their own livelihood.

In reading the act I noticed regulations concerning the disposal of assets in order to qualify under the means test. We have gone through the mill in that respect with old age pensions. We have seen how the means test used to encourage people to illegally dispose of their assets in order to take advantage of the old age pension. I believe the Canadian people would be happy to hear the minister state that this government, in amending this act, had agreed to eliminate this means test.

In looking at the permissible income, I hope the minister will take a more liberal attitude toward raising the ceiling than was taken when we amended the war veterans legislation. I see that the permissible income ceiling for single people is now $840 per annum. Ordinary taxpayers in Canada do not pay any income tax on the first $1,000. It is considered that one needs at least $1,000 in order to exist. I do not see why, if we are not willing to abolish the means test, we should not at least allow blind people the minimum exemption that is allowed by the Income Tax Act.

I have noticed other discrepancies which I hope to see removed when I see the bill. The maximum income allowed a single person is set at $840. Then we come to an unmarried person with one dependent child, and we see that the maximum permissible income is $1,040. This means that there is an allowance of only $200 for the care of one child for a year. I should like the minister to indicate that he is prepared to allow much more under the amendment. I feel that the allowance for one child should be at least $500 per year, because it costs even normal people that much to sustain one child for a year.

Then the maximum permissible income for a married person is set at $1,320. Again there is an increase of $480 per year over the amount allowed a single person. Surely blind people should not be asked to live on $40 per month, yet that is what we are doing when we say that single people will be allowed to have an income of $840 and married people an income of $1,320. When both the husband and wife are blind, we place a ceiling on their income of $1,440 per year or $120 per month. This $120 per month is only $10 per month more than a married couple on old age pension receive in some parts of the dominion. When both the husband and wife are blind, surely it is unreasonable for us to say that they have to get by on $120 per month.

There are not many blind people in Canada. I do not think anyone in this house will take part in this debate because of what the blind people may do at the next election. Throughout Canada there are only slightly more than 8,000 persons in receipt of assistance under the Blind Persons Act, and the total expenditures by this government under that act amount to less than $3 million a year. I feel that if the government had decided to grant all the requests of the Canadian council of the blind and the Canadian National Institute for the Blind, the Canadian people might have said, "We have a liberal government in deed as well as in name". I do not think any opposition would have been registered from any section of the house had

the government seen fit to spend that extra $2 million a year instead of a miserable $139,000.

Mr. Rowe: Mr. Chairman, at the risk of repetition I feel impelled to support the proposals made by several hon. members. Before the minister speaks I would hope he might reconsider the suggestion he now makes, so the age limit may be reduced to 16 years.

I have listened with interest on many occasions to appeals made on behalf of the blind and of others who, as the hon. member who has just spoken said, make up a small minority of those people in our country who sometimes, under our democratic system, are almost forgotten. I have not had the same experience as my hon. friend and colleague from Peterborough. Many of us who know him well realize how close he is to this problem.

I feel impelled, however, to support the suggestion made by the hon. member for Lanark, who has given serious study to this and other welfare problems. I would support, too, the hon. member for Rosetown-Biggar who has described explicitly the present situation. I shall not take the time of the committee to repeat what has been said. As was pointed out so well by the hon. member for Peterborough, the blind persons in this country do not want sob stories on their behalf; they do not want sympathy; they want assistance.

It is clear that from their infancy blind persons place heavy obligations upon their families. As parents and perhaps as grandparents some of us know what it means to protect children who may run out on the streets, and how much greater the obligation must be when the children are blind. It has been difficult enough to watch my progeny, even when they can see.

I cannot help thinking that we overlook the seriousness of the problem. There has been agreement in the house to give old age pensions even to many who do not need it. Then we have given pensions to others who may have wasted what they received, and we have been reluctant and hesitant—I think sometimes because they do not have many votes—to give pensions to those who are totally disabled.

It is 25 years ago since I first spoke on behalf of the blind in this country. We have always been reluctant to consider their case. As the hon. member who has just taken his seat pointed out, the numbers involved are of no great political significance, and the amount of money involved is comparatively small. But the principle at stake is great. I cannot help thinking that the ages between 16 and 20 are ages of uncertainty. They are the time when boys and girls encounter great difficulties, and begin to wonder where they are going and what the future holds for them. Those are the years when their minds are in some state of turmoil. Surely if we can reduce the eligible age from 21 to 18 years we could reduce it to 16 and give these young persons a break, these children whose education is always more difficult and more expensive, these children who many times must travel long distances to get their education, and must be accompanied in their travels.

Hon. members know, I am sure, that among the blind are to be found some of the most brilliant persons in this country. I know many of them who are more capable of earning their living than some hon. members of the House of Commons would be if they were deprived of their indemnities. We know there is a vast difference in the abilities of those who can see. There are only a few who are in class A and are outstanding. Those who are in darkness the whole 24 hours in the day must be brilliant indeed, when they can survive. They are proud persons, persons who perhaps would not have been so clever had they been able to see. They have been forced by circumstances to develop their talents to meet the obligations their handicap involves.

Even though they may be trained in new scientific methods to help them meet their handicap, it seems a pity that their whole living becomes more difficult. Their earning capacity is generally depreciated, and in order to fit themselves to meet their handicap they must begin early. In these days, when we are spending so much money, and when we are so boastful of our social services, I would urge that we spend more on behalf of these unfortunate persons. Sometimes I think we have gone a long way in establishing social services in our rich country; but when we have established those services for those who are physically fit we should not quibble, we should not be niggardly, we should not argue about the amount involved when the suggestion is made that the age limit be reduced from 18 to 16 years.

There are not many blind in Canada today in that age group. The hon. member for Lanark has said that only $2,500,000 would be involved. Surely very little more would be needed to include those of 16 years of age, so they would be given the break to which they are entitled. Those of us who can see and who have our other faculties have never been forced to discipline ourselves as they have. Perhaps because of our indolence we do not

realize the great care that must be exercised by the parents of blind persons so they may be fitted for their tasks in life.

Surely we can reduce the age to 16 years. After all, family allowance payments end at 16, as do mothers' allowances. What is to become of the blind child whose mother is unwell; how is he to survive in those most critical years of his life? Because we know they are critical years, even for those who can see; and certainly they must be tragic for those who cannot.

At this time, when the minister is reducing the age to 18 years—and I join with the hon. member for Lanark and others who have complimented him upon that action—why should he not reduce it to 16? I doubt if even that is far enough. If the age limit were reduced to 16 it would help meet during two more years the handicap of these unfortunate people.

Mr. Nicholson: Mr. Chairman, I think it is significant that the Minister of National Health and Welfare has remained on the sidelines for such a long time while this proposal has been debated in the committee.

I agree with the other hon. members who have spoken from this side of the house. The proposal is quite inadequate. When one considers our physical resources in Canada and the very small number of people involved in this legislation I feel sure we should go at least as far as the Canadian council of the blind and the Canadian National Institute for the Blind have suggested.

Other members have referred to the excellent material supplied to all hon. members by these two organizations. I do not propose to repeat any of the material that has been dealt with, but one paragraph has not been referred to. These organizations mentioned that in Canada we spend approximately $38 per month compared with $56 per month in the United States. When one considers that our resources on a per capita basis are very great I am sure that if we brought our contribution up in line with what is paid in the United States it would not place any great strain on us.

I realize it is not too difficult for hon. members on this side of the house to ask the government to increase its commitments for various projects, but when one considers the handicaps that this small handful of about 8,000 Canadian people face when they go through life unable to see, then this is a matter to which those of us who have the good fortune to have good health should give more consideration.

Many years ago when I was at university I realized what a handicap it is to go through life unable to see. A young chap came to Saskatoon to give a musical recital. He and his mother stayed with friends of mine. My friend telephoned and wondered whether I would take time to show this blind boy through the university. I of course was very glad to accept the invitation and we visited the gymnasium, the convocation hall and some of the lecture theatres. The president of the university was kind enough to shake hands with him and ask him some questions. Later that night around the dinner table the young blind chap told his mother and his hosts of what he saw at the university. Although I had been at the university for some time I would not have been able to tell a group of people in as great detail and with as much enthusiasm about the wonders of the University of Saskatchewan as this young lad who was unable to see was able to do. He never had been able to see, and would never be able to see.

When it is proposed, as the minister is now proposing, that we should make the pension available at 18, it should be explained to us why the Canadian economy will not stand the strain of commencing the pension at 16. As the hon. member for Burnaby-Coquitlam pointed out, any child in Canada with the misfortune of being unable to see should have a pension available as soon as his sight is lost. We should regard our expenditures in this field as investments that will pay rich dividends to all the Canadian people. It has been one of our mistakes in the past that we have regarded payments of this sort as charity, as something we must do without very much enthusiasm.

The minister should be able to convince the rest of his colleagues that it is our responsibility to those who are blind to see that pensions be given without any means test. Since we are able to provide family allowances without any means test, and since everyone on reaching the age of 70 receives a pension without a means test, therefore it is not unreasonable that everyone who has the misfortune to be blind should have a pension without a means test. If there be those who do not require this money the Minister of National Revenue will be able to catch up with them eventually through the income tax machinery. It is a very fair device. If there are people who get the old age pension or family allowances and who can get by without them, the Minister of National Revenue is able to make some sort of adjustment with them.

Therefore the minister should give careful consideration to the suggestions that have come from this side of the house to the effect that pensions for the blind should be made

available without a means test. If he is unwilling to recommend that the pension start when blindness occurs, he should at least meet the representations that when family allowances are discontinued the payment of pensions for blindness should commence. Since the minister has not committed himself up to this time I hope he will agree to recommend to the cabinet that the suggestions that have been made from this side of the house be given favourable consideration by his colleagues.

Mr. Martin: Perhaps it might be appropriate at this time to say a few brief words on this resolution. I should like to think—and I do think—that the observations made by the hon. member for Lanark, who is always so constructive in his approach to matters in this house, and those of the hon. member for Rosetown-Biggar represent the best mood of this house in the constructive observations which they have just made.

I am sure the committee will not mind my making this observation, that if one had to introduce a particular measure on the occasion of an anniversary event, this would be the measure. My colleague the Minister of National Revenue and I—I do not know whether he is aware of it—are approaching the end of the anniversary of that day ten years ago when we were both sworn in as ministers of the crown. Being somewhat of a sentimentalist I rather think it is a happy note that I should be able to introduce a motion of this kind on this particular anniversary, which I would want to share with my colleague the Minister of National Revenue.

As the hon. member for Lanark has said, this resolution is a further step in our effort to improve the conditions of our blind population. As the hon. member for Peterborough has said, that group does not want from this house or from any other group in our country any sympathy whatsoever. It is a group that is self-reliant. The work of the Canadian National Institute for the Blind, of L'Association Canadienne-française des aveugles et l'Institut Nazareth de Montréal and the Montreal association for the blind confirms all that I have just said about the self-reliance and the initiative which the blind people of our country are prepared to take from time to time.

This is not the first amendment respecting the blind that has been introduced in this house during the past few years. The age, which is now being lowered from 21 to 18, was lowered from 40 to 21 in 1947. Those of us, Mr. Chairman, who are making this proposal to the house at this time had the responsibility of sitting on your right when that amendment was introduced.

The hon. member for Rosetown-Biggar mentioned the desirability of rehabilitation for the blind, and I am sure the committee will generally echo what he has said in that regard. I do not know of anything that is more constructive to assist the blind than the work of rehabilitation. In addition to that, under the national health program the government is now financing the cost of four glaucoma clinics, one in Toronto, two in Montreal, and one in the city of Quebec.

Glaucoma is Canada's most serious eye problem. We have urged every province to follow the examples set by the two provinces of Ontario and Quebec. In the past month we have approved a federal grant for the establishment of a glaucoma clinic for the province of New Brunswick in Fredericton, and also under the national health program we have provided financial assistance to a number of eye research investigations being carried out by the department of ophthalmology of the University of Toronto.

In addition, we have undertaken in the past seven years a program of remedial surgery to restore vision to blind pensioners where there is some hope of success. I think this particular story is one of the happiest I could relate to the house. Over 60 per cent of the cases which have been given remedial surgery under the arrangements we have made with the provinces for the joint assumption of full costs of the operations have been successful; vision has been restored to the point where the pensioner could resume a more nearly normal life, and in 60 per cent of all cases where remedial surgery was attempted the pensioner had vision restored and was taken off the blind assistance roll altogether.

That represents the determination and the desire of the administration to do what it can, not only to provide pensions but also to do something in a constructive way to improve permanently, if it can, the disability of failure in eyesight.

Mr. Coldwell: The minister spoke in percentages. What about the numbers?

Mr. Martin: The numbers are about 210, which is a very considerable proportion when we consider the total blind population of Canada, and I may say there is no limitation. Any blind persons now on these rolls and in receipt of this assistance can qualify for this kind of treatment, and the provincial governments in cases where agreements exist are prepared to arrange for the best of medical treatment in the effort to improve conditions.

Reference has been made to the six-point program of the C.N.I.B. I need not go into all the particulars of those six points except

to say that all of them have been met by the government with the exception of two; and in those two cases, when we come to the bill we will see that a very considerable proportion of those remaining points have been constructively dealt with by the administration.

The second last point I should like to make is this. The hon. member for Dufferin-Simcoe, with his usual vigour, urged that the age should be reduced from 18 to 16. When the house passed the Disabled Persons Act it provided that a person benefiting under that act could qualify at the age of 18 years. At that time, as now, a blind person could qualify only at the age of 21 under the Blind Persons Act. The Blind Persons Act is disability legislation. It was the first legislation for disabled people in this country, and when from time to time I have met the various associations of the blind I have pointed out that improvements in the legislation which we had in mind for them would have to wait until such time as we could provide for the other classes of disabled persons for whom, up to that time, we had made no provision whatsoever.

I may say that the associations who came to see me were all agreed that we should do our best, first of all, to improve the lot of the other disabled classes of the country for whom no provision whatsoever had been made. What we are doing tonight with regard to the age qualification is to put the blind now on the same footing as that on which we have put the disabled persons.

Under the Disabled Persons Act the qualifying age is 18, and now through these present amendments we are making provision for the blind to be treated the same from the point of view of age as we treat the other disabled under the disability legislation; so I think, now that we have both these disabled groups in this particular on the same footing, whatever consideration is given at some later date can be dealt with on equal terms, now that we are face to face with the amendment before the house at the present time.

On this side, Mr. Chairman, with the support of the house we have in the last five and a half years lowered the age from 40 to 21; now under this legislation it is lowered to 18. We have abolished provisions removing from aliens, Indians, Eskimos and inmates of mental hospitals the disabilities which they suffered under the legislation before these amendments came into effect. We have abolished provincial residence requirements. We have abolished provisions for recovery from estates. We have abolished provisions which existed until 1947 by which married couples who were both blind received only half their pensions. So in these and in countless other ways I think the administration has shown its concern and its desire to improve the welfare of the blind citizens of Canada.

There need be nothing else said on this occasion. When we reach the discussion stage of the bill we can go into some particulars already discussed, answer certain suggestions that have been made, and deal with the problem in a more specific way. But at this resolution stage I would want to join on behalf of the government with those who have taken part in the debate in noting the progress that has been made. Notwithstanding the criticism which may be levelled at what the government has done in this particular or in others, I think we may all say with conviction that every Canadian can feel proud that through this measure he is doing something to help those of his fellow citizens who bear the heavy handicap of blindness.

In time we can hope that medical science will prevent more people from losing their sight. We can be confident that new drugs and new skills will be developed to lead others back from the unending night of blindness; but those Canadians who are now without the faculty of sight and those who will lose it in the years ahead will continue, I know, to receive our admiration, our concern and our support. They can be sure of our unfailing and continuing help.

Mr. Nesbitt: Mr. Chairman, I should like to say a brief word or two. First of all, I should like to congratulate the minister on the introduction of this legislation. It has already been stated that everybody is in agreement with it. I realize that at this time, in connection with the other legislation, it may not be possible to remove the means test entirely, but this is a step in the right direction. Perhaps a great many people in the country do not favour the removal of the means test in every phase of social security.

In this case I have had many resolutions sent to me from branches of the women's institute and various other organizations who favour the removal of the means test altogether. My own point of view is that when, some time in the future, financial conditions are such that the government feels able to remove the means test, the reason for doing so may very well be this. Since in this country equalization of opportunity is one of the principles on which the democratic way of life is based, and since the loss of a person's eyesight is the loss of one of his most valuable assets, a pension in a small way compensates a person for the loss of this

valuable physical asset and helps to make up for the opportunities he would otherwise have enjoyed.

There is one suggestion I should like to make for the consideration of the minister, and it is this. It is my understanding that, for the purposes of primary and, as it is sometimes called, secondary education the facilities now in existence are quite adequate for the blind. However, for those who are extremely ambitious and who have superior intelligence—and as the hon. member for Dufferin-Simcoe has pointed out, many persons who are blind have a high degree of intelligence and, because of their disability, have a great deal of ambition—some type of facility should be provided to enable them to have books printed in braille in order that they may advance to university education.

I realize that it would be impossible for universities all over the country to have these books, as they are extremely costly. I suggest for the minister's consideration that possibly the national library might be enabled to provide books giving advanced information in the arts and sciences and in technical fields, and that these books in braille might be sent out on loan to the universities. Or as an alternative—although I think this is a less meritorious suggestion—possibly one university could be designated as the recipient or holder of these books, and blind persons desirous of obtaining a university education could go to that university.

Those are just suggestions. I hope the minister will take them into consideration.

(*Translation*):

Mr. Dufresne: Mr. Chairman, I will take but a few minutes of the time of the house to make a few observations to the government regarding the resolution now before the house, and more particularly to the Minister of National Health and Welfare (Mr. Martin). Like all hon. members who have spoken before me, I wholeheartedly endorse this innovation and especially the resolution.

I will take the liberty—as I think this is a fitting occasion—of congratulating in a special way the Canadian National Institute for the Blind, which has played an important part in bringing considerable assistance to the unfortunate victims of blindness.

Like those who have spoken before me, I would ask the government whether it would not be possible to lower the age of entitlement to the pension from 18 to 16 years, as requested a few moments ago.

Mr. Chairman, I am of the opinion that between the ages of 16 and 18 is the time when a child is most in need of a pension, especially if he belongs to a large family. I might tell the minister that the constituency which I have the honour to represent is a working class constituency, with large families, several members of which are afflicted with this unfortunate disease.

May I therefore make the following suggestion? If to receive the family allowance a child has only to be born, or again if to receive the old age pension one has only to reach the age of 70, I fail to see why any blind person, of whatever age, could not receive the blind pension from the moment medical science declares that person to be blind. Even in the case of a child under 16 the blind pension could be paid immediately in lieu of the family allowance paid until then.

Mr. Chairman, I might perhaps be allowed to suggest something to the minister. Many are those—there are some in my riding and I would like in particular to submit one case to the minister—who are not truly blind in a medical sense. However, the weakness of their eyesight prevents them from being gainfully employed. Nobody wants to hire them. May I be permitted to refer to the case I just mentioned and point out to the minister that a young fellow in my riding, a member of the Association for the Blind and a recipient of their help, requested a pension but was found ineligible under the law as a blind person, his eyesight being better than the minimum by one or two tenths, so that he is no longer considered to be blind, no longer belongs to the association and is left without any help from them as well as from the government. He is therefore reduced to public beggary.

I urge the government, which has just made a step in the right direction, to take a close look at this act in order to see if it would not be possible to make medical exams not quite so strict, so that those who are blind but are not recognized as completely blind under the Blind Persons Act may get some assistance.

Once more I unreservedly congratulate the minister on the presentation of this resolution. It is indeed a great step in the right direction, and I hope that the suggestions which have been made by some members of the opposition will enable the minister to draft the bill so as to bring another measure of relief to those whom Providence has not favoured in that respect.

(*Text*):

Mr. Zaplitny: I have only a brief word I want to add, Mr. Chairman. I am, of course, in support of everything that has been said on this side of the house, and I do not need

to repeat it. However, there is one phase of the legislation that has not been touched upon and to which I should like to refer, namely the residence qualification. I understand that at the present time it is required that the applicant must have lived in Canada ten years before the date of his application. I realize that there are similar provisions in our other social security legislation, but in this type of disability I believe there is a special case to consider.

When immigrants arrive in Canada they are obliged to pass a medical examination. If that examination is at all thorough and efficient their eyesight is tested. I believe it would be altogether justifiable to reduce that figure to five years. A while ago, when he was replying to some of the comments made in this chamber, the minister drew attention to the fact that Canadian citizens feel they would like to take an equal share in assisting their fellow citizens. After a person has been in Canada for five years he becomes a Canadian citizen if he has fulfilled all other qualifications, and I believe that would be the proper time at which to extend to that person the same rights and privileges that are extended to any other person in Canada.

I make a plea to the minister to consider the reduction of the residence qualification from ten years to five. There are many supporting arguments I could use in so urging, but I do not think it is necessary for me to do so. The minister is quite aware of the problem, and I can only hope he will give some consideration to the question before the bill is introduced in the house.

Mr. Montgomery: Mr. Chairman, it is not my intention to take very much time, but I notice that no one from our part of the country has spoken in favour of the resolution. We are just as much in favour of the legislation as anyone else. I believe the minister should be commended, and if there had been others here from my own province and the maritimes generally I know they would have commended him for this amendment to the act. We have a school for the blind in Halifax.

I wish to concur in what has been said by other speakers this evening. I think the minister's explanation as to the age of qualification, which was one thing that was bothering me, is very satisfactory. I believe we should consider all people who have disabilities on equal terms. I think his explanation was satisfactory to those who felt that the age might have been reduced below 18, and that it is wise to deal with these people on the same terms as others.

Resolution reported, read the second time and concurred in.

Mr. Harris (for Mr. Martin) thereupon moved for leave to introduce Bill No. 350, to amend the Blind Persons Act.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Harris moved the adjournment of the house.

He said: Mr. Speaker, as I announced before we adjourned at Easter, we shall begin the budget debate tomorrow. However, I said at that time that we would continue with it through this week. I should like to make an amendment to that, having in mind the fact that we did not complete the external affairs debate, as I expected we would, before we adjourned. Therefore the order of business this week will be the budget debate tomorrow and Wednesday. We will resume the external affairs debate Thursday afternoon and continue with it until it is completed.

Motion agreed to and the house adjourned at 9.56 p.m.

HOUSE OF COMMONS

Tuesday, April 19, 1955

The house met at 2.30 p.m.

PRIVILEGE

MR. CAMERON (NANAIMO)—REFERENCE TO PRESS REPORT OF SPEECH BY MINISTER OF FINANCE

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I rise on a question of personal privilege. I have in my hand a report from the Toronto *Telegram* of Saturday, April 16, 1955 which I should like to place on the record. It is headed "Trotskyites among M.P.'s says Harris", and reads in part as follows:

> There are Trotskyites among the C.C.F. members of parliament at Ottawa, finance minister Walter Harris told Liberals attending the annual meeting of the Toronto-York Liberal Association at the King Edward today.
>
> He said expulsion of Toronto members of the C.C.F. party charged with being Trotskyites should not be taken as an unusual happening. He suggested some C.C.F. M.P.'s might be expelled on similar grounds.
>
> The finance minister called his recent budget "a plain, ordinary Liberal budget", not "a fantasy of imagination or a stand-pat budget".

From consulting *Hansard,* Mr. Speaker, I understand that the minister has denied the accuracy of this report and of course, without hesitation, I accept his assurance on that score. Nevertheless, I cannot refrain from expressing my regret that he did not take advantage of the first opportunity he had to correct this false statement. When he was approached, I am told, by the man who reported the meeting, immediately following the meeting, and asked if he would care to elaborate on his statement that there were Trotskyites among the C.C.F. group, I think it is regrettable that the minister failed to take advantage of that opportunity to deny this false report and that for nearly 48 hours he permitted it to wend its slanderous trail back and forth across this country. I may say that I find it rather curious. I have been in public life for many years longer than has the Minister of Finance. For over 20 years, sir, I have spoken in public on every controversial question that has come before the country. My speeches have been widely reported. I have yet to be misquoted. It appears to be an occupational disease of Liberal cabinet ministers.

In the house yesterday, when challenged on this statement, the Minister of Finance took occasion to read extracts from a letter which I had written on behalf of a man called Stanton who was later expelled from the Ontario section of the party to which I belong, on a charge of being a Trotskyite. It is perfectly true that I wrote that letter on behalf of Paddy Stanton. I wrote it because I had known him for many years on the Pacific coast. I have in mind one particular occasion that I am going to call to the attention of the house because I think it will explain why I wrote such a letter.

The occasion to which I refer was one during the 1945 federal election campaign in the city of Prince Rupert when a gang of communist thugs attempted to break up my meeting. At that time, Mr. Speaker, you will recall that they were supporting the Liberal party, their leaders having been released on the unfortunate Canadian electorate by the Liberal government of that day for their own purposes. When this gang of communist thugs attempted to break up my meeting, this man Paddy Stanton, fool that he was, attempted to settle the matter with his fists.

It was such things that I had in mind when I acceded to his request that I would speak on his behalf before the Ontario convention of the C.C.F. or write on his behalf, as I was obliged to do. If, as it now appears, Paddy Stanton has, since the time I knew him on the Pacific coast, become a Trotskyite, and if, on account of that fact, he has to some extent betrayed my trust and delivered me to my enemies, I am still not sorry that I wrote that letter because, when you reach my time of life, you realize that such things as requital of past favours, loyalty, decency and honesty are more important than are even the most glittering political prizes. I want to say this now categorically, Mr. Speaker. I am not nor have I ever been a Trotskyite; I am not nor have I ever been a Trotskyite sympathizer; and anyone who states that I am is an unmitigated liar.

The C.C.F. is the only political party to which I have ever belonged. The democratic socialist principles of that party are the only political principles I have ever endorsed or supported. I want to say this. If anyone, by a combination of statements outside this chamber and references within this chamber, should ever impute to me the charge of being a Trotskyite or a Trotskyist sympathizer he

would not only be an unmitigated liar but he would be an unprincipled scoundrel and a contemptible coward.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 349, respecting Sharp & Dohme (Canada) Ltd.—Mr. McIlraith.

IMMIGRATION

REFERENCE TO REMARKS OF PREMIER OF NEWFOUNDLAND

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Citizenship and Immigration what right Premier Smallwood of Newfoundland has to say, as he is reported to have said on March 29, that certain persons giving certain information would get "the bum's rush" and if they were Germans they would be deported for things said in Newfoundland?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): I do not know whether or not this is a proper question, but I do not happen to have seen the newspaper report to which the hon. member refers and I would not presume to interpret something I have never seen.

GRAIN

REPORTED REDUCTION IN CANADA'S SHARE OF WORLD MARKET

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Acting Minister of Trade and Commerce. Would the minister comment on the latest dominion bureau of statistics report which shows an alarming drop in Canada's share of the world wheat market? What action is the government taking to correct this serious situation?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): I thank the hon. member for giving me notice of his question and also for sending me a copy of the *Wheat Review*. The situation is that Canadian export sales in the present crop year have been substantially higher than during the last crop year. These increased sales will, in due course, be reflected in higher export figures. Canada has been retaining her place in all her established markets and has indeed got an increased share in many of them. The United States has been exporting increased quantities of wheat as a result of special programs of subsidized exports, including sales for local currencies, and this is one of the reasons for the change in the relative proportion of world export business. Nevertheless, Canada is retaining her place in commercial markets, and there is every reason to believe that we will continue to do so.

Mr. Argue: I wonder whether the minister is aware that each of the main exporting countries of the world, other than Canada, has increased its exports of wheat during this period?

An hon. Member: Gloom caster.

Mr. Winters: I know the hon. member is referring to the figures in the *Wheat Review* to which I have already referred. They are figures for some time back. I refer to the current situation in which Canada's sales are higher.

REQUEST FOR MOVEMENT BY RAIL AS RESULT OF STRIKE

On the orders of the day:

Mr. D. S. Harkness (Calgary North): I should like to direct a question to the Acting Minister of Trade and Commerce. In view of the lakehead grain handlers' strike, have any plans been made to move eastward by rail the large number of box cars that are sitting there loaded with grain?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): I have no direct knowledge of any such arrangement being made. All I can do is emphasize what the Minister of Labour has already said, that is that every effort is being made to settle the strike at as early a date as possible.

REQUEST TO MAKE SELKIRK WHEAT AVAILABLE

On the orders of the day:

Mr. William Bryce (Selkirk): I should like to direct a question to the parliamentary assistant to the Minister of Agriculture. What steps are the government taking to enable farmers with surplus Selkirk wheat to sell it immediately, thus making it available for seeding this spring?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Complaints along the lines of that just mentioned by the hon. member came to the attention of our department last week. As hon. members know, there is no restriction on the sale of Selkirk wheat in Canada, but it cannot be sold outside of Canada. The department immediately got in touch with the provincial departments of agriculture in Manitoba and Saskatchewan. They, in turn, through their agricultural representatives are endeavouring to help along the sale of this

wheat by getting in touch with the seller as well as those who wish to buy this wheat. I would tell my hon. friend that if he has received complaints of this type he should write to the complainants and tell them to get in touch with their agricultural representative immediately and the wheat will be made available to those who wish to buy it.

AIRPORTS

HALIFAX—COMMENCEMENT OF WORK ON NEW CIVILIAN AIRPORT

On the orders of the day:

Mr. S. R. Balcom (Halifax): I should like to direct a question to the Minister of Transport. Will the minister say if work has commenced on the proposed new civilian airport for Halifax? If not, when is it likely to get under way?

Hon. George C. Marler (Minister of Transport): No work can be started on the new airport for Halifax until the necessary land has been acquired by the city. It is understood that the city is at present acting on this matter. Meanwhile certain preliminary survey work is under way, and included in this year's estimates is an amount which would permit the department to initiate at least land clearing work when advice has been received from the city that the land has been acquired.

TAXATION

AUTOMOBILES—REQUEST FOR RECONSIDERATION OF REPRESENTATIONS OF MANUFACTURERS FOR REFUNDS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Minister of National Revenue. Has he received representations from the federation of automobile dealers and also from various provincial automobile dealers associations asking for reconsideration of the decision announced by the Minister of Finance in his budget speech that no rebates would be granted to automobile dealers in respect of automobiles on hand? In view of the fact that the loss to automobile dealers will be some $3,150,000, would the minister give reconsideration to this question to the end that the dealers should not have to absorb such a loss?

Hon. J. J. McCann (Minister of National Revenue): It is not the intention of the Department of National Revenue to make any refunds consequent upon the budget changes. While I have not personally received any representations from the automobile dealers, I do not doubt that, as is usually the case, representations have been made to the department. The section of the budget speech referring to the practice of not accepting claims for refund is one of long standing. Prior to the time that this notice was given in budget speeches, manufacturers were in considerable doubt whether they could take back goods on which the higher rates of tax had been applied and either ship the goods out again at the reduced tax rates or replace them with other goods on which the lower rates would be applied. The notice given by the Minister of Finance is given in order to prevent the return of great quantities of goods merely for the sake of benefiting from the lower rates of tax applicable after the budget. No similar situation arises when taxes are increased because those persons having goods on hand at lower rates or where no taxes had hitherto been imposed are quite satisfied not to raise the question.

ADMINISTRATION OF JUSTICE

CHAPUT CASE—QUESTION OF FEDERAL INTERVENTION

On the orders of the day:

Mr. J. Wilfrid Dufresne (Quebec West): I should like to direct a question to the Minister of Justice.

Some hon. Members: Oh, oh.

Mr. Dufresne: Was the Department of Justice granted permission by the Supreme Court of Canada to intervene in the case of Chaput *v.* Romain *et al.*? If so, is the department intervening to protect or deny the rights of the provinces to administer justice in accordance with article 92, sections 14 and 16, of the British North America Act?

Hon. Stuart S. Garson (Minister of Justice): If my hon. friend will look at the recent back copies of *Hansard*, he will see that a question almost identical with that which he has just asked was asked by the leader of the C.C.F. party and has already been replied to.

Mr. Dufresne: I have referred to the question asked by the hon. member for Rosetown-Biggar and the answer given does not answer the question I am asking today. I should like the minister to give me a better answer than the one he has just made.

CANADIAN NATIONAL RAILWAYS

REPORTED LAY-OFFS AT WINNIPEG

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Is the Minister of Transport in a position today to answer the question I asked yesterday about lay-offs in the C.N.R. shops at Winnipeg?

Hon. George C. Marler (Minister of Transport): No.

Inquiries of the Ministry

REPORTED LAY-OFFS AT LEASIDE

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Transport if he is now in a position to answer the question I asked yesterday with regard to the closing of the C.N.R. car repair shops at Leaside?

Hon. George C. Marler (Minister of Transport): I regret to say that the answer is no.

INQUIRY AS TO SUPER CONTINENTAL SERVICE STOPPING AT BRANDON NORTH

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): I should like to direct a question to the Minister of Transport. Can he indicate whether the Canadian National Railways Super Continental service going into operation on April 24 will stop at Brandon North?

Hon. George C. Marler (Minister of Transport): Canadian National Railways advises that the Super Continental will not stop at Brandon North. As has been announced by the railway, the schedule of this new train was drawn up to provide a faster transcontinental service and at the same time arrange convenient arrival and departure hours at intermediate stops to the extent possible under the new schedule. I might add that the Continental Limited will continue to stop at Brandon North.

REPORTED LAY-OFFS AT BROCKVILLE

On the orders of the day:

Mr. Hayden Stanton (Leeds): I should like to direct a question to the Minister of Transport. Is the minister aware that there are 38 men about to be laid off at the Brockville railway divisional centre, and does he not think this is a very inopportune time for these men to be laid off—

Some hon. Members: Order.

Mr. Stanton:—when already more than a thousand men are reported out of work in Leeds county?

Hon. George C. Marler (Minister of Transport): I received notice of this question just before entering the house, and I shall try to give the hon. member an answer as soon as I can.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask a question of the Minister of Transport. When he prepares his answer to the questions that have been asked regarding C.N.R. lay-offs at Winnipeg and other places, will he take this as a supplementary question. How does he square the lay-offs now taking place with his statement in the house on February 7 that no further staff lay-offs were anticipated?

LABOUR CONDITIONS

STRIKE OF GRAIN HANDLERS AT LAKEHEAD

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Minister of Labour in connection with the grain handlers' strike. Has he had any report from Mr. Taylor, the negotiator, and what is the present position? Has a settlement been reached between the strikers and the employers?

Hon. Milton F. Gregg (Minister of Labour): I have no further report than that given yesterday, except to say that Mr. Taylor is meeting both parties to the dispute today.

REPORTED UNEMPLOYMENT CONDITION AT SEVEN ISLANDS, QUEBEC

On the orders of the day:

Mr. J. Wilfrid Dufresne (Quebec West): Has the Minister of Labour received word from C.I.O. authorities of the serious situation now existing in Seven Islands where more than 500 immigrants have to beg their daily bread?

Mr. Gauthier (Portneuf): Where were you?

Mr. Dufresne: If so, are any steps being taken to help these immigrants to find work or give them some assistance?

Mr. Speaker: Order. This question was answered yesterday. While I am on my feet, and since I suppose we are at the end of the question period and are about to embark upon the orders of the day, may I say that after a few days of recess and recognizing that there were several questions in which members were interested, I have been rather lenient yesterday and today. However, I shall have to return to my old habits. I want to say now that, starting tomorrow, I will not allow hon. members to make speeches under the pretext of asking questions.

PUBLIC SERVICE SUPERANNUATION ACT

REPORTED AMENDMENT OF REGULATIONS WITH RESPECT TO RETIREMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance? Have the Public Service Superannuation Act regulations

been amended to provide for the retirement of civil servants at the age of 60 at the discretion of deputy departmental heads? If so, can the minister say whether representatives of the civil service organizations were consulted before such an amendment was made?

Hon. W. E. Harris (Minister of Finance): I will cover that eventually when we get into the budget debate.

EXTERNAL AFFAIRS

INDO-CHINA—INQUIRY AS TO WORK OF CANADIAN COMMISSIONS

On the orders of the day:

Mr. D. S. Harkness (Calgary North): I should like to direct a question to the Secretary of State for External Affairs. In view of the recent return to Canada of Brigadier Sherwood Lett, the head of our commission to Indo-China, is the minister in a position to tell the house to what extent our mission there has been permitted to carry on its work, what progress has been made and what still remains to be done?

Hon. L. B. Pearson (Secretary of State for External Affairs): I have already dealt with that subject in the statement I made on external affairs in which I covered to some extent the work of the commissions in Indo-China. There may be another opportunity when the external affairs debate is resumed when I can add to what I said on the earlier occasion.

TRADE

OIL—REPLY OF UNITED STATES GOVERNMENT CONCERNING RESTRICTIONS ON IMPORTATION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I should like to ask the Prime Minister if he is yet in a position to answer the question of which he took notice yesterday. In repeating the question I would point out that there is a statement in the press today from Washington which definitely refers to the voluntary control of the movement of oil into the United States. This report, issuing from the state department, indicates their acceptance of a definite plan of voluntary control from companies here. For that reason I do think we are entitled to the information in this house which is apparently accepted as a matter of course there.

Hon. L. B. Pearson (Secretary of State for External Affairs): Possibly I might say a word in reply to this question. As the hon. gentleman knows, and as the house knows, a note was sent to the United States government on this question and that note was tabled in this house. There has been no written reply from the United States government to that note, though we have been pressing for such a reply almost daily and have expressed to the United States government, through the state department, our anxiety to get it without delay. We have had an expression of regret from the authorities in Washington that they have not yet completed their reply.

As I indicated before the Easter recess, we have received an oral reply from the United States government pending the receipt of a written one. So, Mr. Speaker, I can say that the state department, in reply to our representations of March 8, have informed us orally that the executive branch of the United States government does not favour legislation to implement the findings of the cabinet committee on energy supplies and resources policy on the level of oil imports. This was made clear in the testimony given by the secretary of state to the Senate finance committee in Washington last month. With regard to the recommendations of the cabinet committee in Washington we have been told, orally again, that the state department is hopeful that the policy enunciated in the report of the cabinet committee can be implemented in such a way as to give recognition to the factors which the Canadian government regards as important in this situation. That is all I can say now, Mr. Speaker, but I still hope to be in a position, tomorrow or the next day, to table a written reply to our earlier representation.

Mr. Drew: No one is more anxious than I am to avoid anything that would embarrass us in our relationship with the government of the United States, but I would point out that the press report from Washington gave the very information which the minister has now given to us in the first part of his statement, that is the reference to the voluntary control of oil which is used as a basis for the argument by the state department that there should not be legislation establishing a formal restriction. This information is contained in the press today as coming from the state department.

Now, since the government thought that it was sufficiently important for the Minister of Trade and Commerce to read the note in full and explain the action of the government in regard to their concern about this voluntary restriction, it does seem to me that matters that are being placed in the open by the state department in Washington might well be available to us here in this house quite as

early as they are to the public of the United States and to ourselves through the channel of the press.

Some hon. Members: Order, order.

Mr. Drew: I simply repeat that this is a subject that has been raised by the government and I think, consistent with the high degree of co-operation we wish to establish with the government of the United States, we should seek their co-operation in obtaining information which is not being held back in Washington.

POSTAL SERVICE

BURNABY, B. C.—INQUIRY AS TO CHANGE IN SERVICE

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to ask the Acting Postmaster General whether he has seen fit to reverse the decision of the Postmaster General concerning the new postal service in Burnaby and, if so, has he done so after consultation with one or both of the members of parliament for that area?

Hon. J. W. Pickersgill (Acting Postmaster General): I have reversed no decision. The matter has been drawn to my attention, and I am giving it consideration.

PRAIRIE FARM ASSISTANCE

REQUEST FOR STATEMENT AS TO PAYMENTS

On the orders of the day:

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): I should like to answer a question asked yesterday on the orders of the day by the hon. member for Yorkton concerning when farmers may expect payment under the Prairie Farm Assistance Act. In reply I may say that to date approximately 100,000 farmers have been paid over $23 million in awards with respect to the 1954 crop. There has been some delay in making payments due to the fact that the crop damage was more widespread than at any time in the past, a late harvest, and in a number of cases applications were received late. The largest number of awards ever paid in one year in the past was slightly over 85,000 as compared to 100,000 to date for the crop year ending July 31, 1955, which would indicate that the administration is doing everything possible to expedite the payment of awards on receipt of applications.

[Mr. Drew.]

FERRY SERVICE

YARMOUTH-BAR HARBOR—USE OF FERRY "BLUENOSE"

On the orders of the day:

Mr. T. A. M. Kirk (Shelburne-Yarmouth-Clare): Mr. Speaker, may I ask a question of the Minister of Transport. Will the minister say what steps are now being taken to improve upon the tentative date of the end of July which he announced in the house on April 6 for the inauguration of the scheduled run between Yarmouth and Bar Harbor of the ferry *Bluenose*. If so, could he now say what probable date might be anticipated?

Hon. George C. Marler (Minister of Transport): Mr. Speaker, every effort is being made to accelerate the program for putting the *Bluenose* into service, including arrangements with the shipbuilder to operate overtime and night shifts. But I would not like to make any more definite statement at this time than I gave on April 6 with regard to the inauguration of the service.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 5, consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, it is two weeks today since budget day. The tumult and the shouting have pretty well died down, and I think people have had a chance to see what the budget really does amount to. I feel that in a sense it has been weighed in the balance and found wanting. I hope the minister enjoyed the applause while it lasted. It must be very pleasant to be acclaimed as the little friend—I was going to say of all the world, but I do not mean that. I mean a very fractional amount of the world, namely those who were benefited by the budget. Everyone's heart seems to respond instinctively to tax reductions; but it is only as people have looked further and have found the real situation that they have realized how thin it all is.

They are gradually realizing another thing, too, and that is that the origin of it is unsound, namely that it is borrowed. It does not come because the government has been

making savings. It comes because the government has borrowed money, and thus laid a greater burden on the backs of the taxpayers.

I think that the first joy and enthusiasm of the married man with two children and $2,500 a year must have been chilled a great deal when he found that, so far as this year is concerned, he would have four cents a week more to take home to his family. Well, there will not be much excitement over that.

And so far as the corporation taxes are concerned, the reduction from 49 per cent to 47 per cent is of course a move in the right direction; but it is only a trifling move. And neither shareholders nor consumers can hope to get much benefit from it.

But the thing that puzzles me and continues to puzzle me about this budget is that I cannot understand it. I cannot understand the minister's reasoning. The minister certainly puzzled me very much by the speech he made in Montreal last November; but during the last two weeks he has puzzled me still more, because it seemed to me that he gave reasons for doing one thing, and then did exactly the opposite.

I wish to support that by quoting from what the minister said. These were his words:

> I am sure that all will agree that when employment and incomes are high and the economy expanding at a normally healthy rate, we should fully balance our budget with a modest amount for the reduction of debt.

I think everyone will agree with that. He then went on—and I call attention of hon. members closely to this:

> Conversely when the rate of economic advance slackens and the economy as a whole is not fully employed, a moderate budgetary deficit should be no cause for alarm.

I call the attention of hon. members to that phrase "when the rate of economic advance slackens". Now, the minister spent some considerable time in underlining the fact that the economy was not slackening, but that it was quickening. His whole budget was based upon a big pickup, a pickup that seems extravagant. His whole argument was that the economy was quickening and not slackening. Therefore, having said that, how could he turn around, with a quickening economy—a very substantial quickening, with almost extravagant hopes—and nevertheless indulge in this deficit.

The only reason I can give—and while the minister denies it and I shall read his denial in a moment—the only reason I can give is that in spite of the fact that he did not like to mention the unpleasant word, he really did this because of the hope that he might in some way help unemployment. He did not say that, because it was not down his alley to say that things were not good. His whole line was to say that things were good.

According to the Canadian Press he said, in an interview after the budget, that "he had not cut personal income taxes and sliced 2 per cent off corporation taxes to stimulate the economy, indicating he did not feel the economy necessarily needed stimulating". That is quoted from the Canadian Press.

Now, taking the minister's speech, and subsequent interviews, as I say the matter to me is a complete puzzle. It is inevitable I think to assume that the cuts were made, among other reasons, to help unemployment by stimulating the economy. But the minister denies that. He says that he just felt "taxes were too high." Of course they were too high. But there is a proper way to reduce taxes, and there is an improper way. And he took the improper way, rather than the proper one. The proper way is to reduce expenditure. But of course that sort of thing is not dreamed of in the philosophy of this government.

There is another way; but I repeat he reduced taxes because he felt they were too high. In other words, it was a popularity measure. According to the minister's own statement, his only reason for doing so was to please the people. It was just a popularity measure.

Now, is it possible that he felt that, if he gave any other reason for it than his desire to please the taxpayer, he would lose their gratitude because they might feel it was not being done for them? However that may be, we have this curious situation, what someone has called an ambidextrous budget. Certainly I felt that the right hand did not know what the left hand was doing. I was glad to find this statement made by a responsible journalist, because it expressed my feeling and gave me further justification for my own belief.

I wondered if something was wrong. I have often wondered if there was something wrong with my head, and I wondered if there was something wrong with me, that I could not understand. But when I found that many other people held the same views as I do I came to the conclusion that my views were justified.

However much kindness there was in the minister's great heart when he reduced taxes, we cannot ignore the fact that a deficit has results. Whether he knew that or not, a deficit has results. And we cannot get away from that fact. One of those results is to provide some stimulus, a very tiny stimulus, but some stimulus, by increasing purchasing

power. But apparently the minister cannot face admitting that, because to admit that the economy needed a shot in the arm was all against what he had said earlier—that there was a substantial pickup. I am glad to say it looks as if there was; but you cannot have it both ways.

No serious person can ignore the fact that there are fiscal, financial implications; and we taxpayers who carry the load are entitled to ask the minister some questions. Let me set out here an imaginary conversation between the minister and a reasonably intelligent taxpayer.

The taxpayer asks: How much money did you take last year?

The minister: About $4,107 million.

The taxpayer: And how much money did you spend in addition?

The minister: $194 million.

The taxpayer: That means that you borrowed $194 million which we shall have to repay.

The minister: Yes.

The taxpayer: And how much are you going to take from us this year?

The minister: About $4,202 million.

The taxpayer: And how much of a deficit are you expecting?

The minister: $160 million.

The taxpayer: Will that be borrowed, too?

The minister: Yes, unless there is a very pronounced pickup.

The taxpayer: Tell me about this deficit. Does this mean that $160 million is borrowed and put into circulation which will have to be repaid, and has it the effect that the money is spent twice; that is, the government spends it and the taxpayer spends it, because tax reduction does not come from government savings but from borrowing?

The minister: Yes.

The taxpayer: Well, then, as I see it, you are trying to give the economy a shot in the arm by reducing taxes.

The minister: I made the tax reduction because I thought taxes were too high.

I have used the minister's own words, and I hope it will affect others as it does me, that he is evading the whole issue. In so far as I am concerned I have to confess to the minister that it leaves me completely puzzled. He left me puzzled in Montreal last November, and I have been puzzled ever since, and the speech which he made two weeks ago did not take away that puzzlement; it really added to it.

Mr. Harkness: Probably he is puzzled himself.

[Mr. Macdonnell.]

Mr. Macdonnell: I have wondered whether that was so, but I prefer to put it in this way, that the minister is just teasing us because an intelligent child really could not accept this view. And of course, the other thing is that the minister is really in an impossible position. He cannot admit there is any need of improving the economy. So apparently, according to the interview which he had, he just said it had nothing to do with that because that was not necessary.

What are we to say about the claims that we have had from so many ministers that everything is all right when you have the Minister of Finance sneaking in behind their backs and doing something which torpedoed all the things which they have been saying? Of course, Mr. Speaker, if the relief had come from government economies how differently we would have felt. We would have felt that perhaps at long last the spending spree was over. We would have hoped that some of the economies that we have been so generously suggesting all these years could be made. But the minister tells us no, that the tax reduction comes out of borrowings, or that only a miracle could prevent the borrowings and that would be such a pickup in the economy as no one has a right to expect. In other words, it is just a deferred tax.

I have referred, Mr. Speaker, to the thin gruel which is given to those who were the beneficiaries under this generosity of the minister. It is a popularity budget. I suggest, by the way, that this popularity may have implications inside the Liberal party as well as outside.

Mr. Diefenbaker: Somebody is preaching for a call.

Mr. Macdonnell: There is another point which enters into this and that is that there are a lot of people who do not benefit from this. That is not the whole story either.

Mr. Rowe: It may be the last budget.

Mr. Macdonnell: You will observe, Mr. Speaker, that this budget divides the Canadian taxpayers into two groups. First of all, there are the beneficiaries, but secondly there are the people who are not beneficiaries but who are going to pay. Everybody is going to pay. Not everybody gets a handout but everybody is going to pay, and the people who are less well off and who get nothing are going to pay for the relief of the others. That strikes me as an odd idea. I do not know whether the minister thought of that; I was rather pleased when I thought of it. Maybe it was thought of; maybe they just decided to let the poor people tough it out. They have had it tough enough, anyway; perhaps they can tough it out further.

Let me recapitulate. The minister says that in an expanding economy we should have a surplus, and then he tells us that the economy is expanding. He says further that in a slackening economy we may have a deficit. But as I have pointed out already, he has made it clear that the economy is not slackening, and, ignoring his own reasoning so far as I am able to follow it, ignoring the clear reasoning he has given us, he then plunges into a deficit. I shall have something more to say about that.

You cannot face both ways forever. You may be able to do it on budget night and get away with it, but it catches up with you.

Mr. Nowlan: They have been doing it for a long time.

Mr. Macdonnell: I said "forever". None of us thinks they are going to be there forever, though they have been there a long while.

Mr. Fleming: Too long.

Mr. Macdonnell: The press is catching up. It is interesting to note that a loyal, stout-hearted supporter of the government—I think I am describing them correctly—the Toronto *Star*, ignores the minister's exhilaration and evidently feels, indeed it calls, the outlook uncertain. It is apparently not filled with optimism as the minister is, but it has a good deal of hesitation and doubt, and it says this:

> Mr. Harris' maiden speech will come as a disappointment to the many Canadians who hoped it would stimulate production and reduce unemployment.

You see, the *Star* is apparently bold enough to believe that everything is not quite perfect and would like to see the economy stimulated. It is not like the minister. He does not want to stimulate it. It does not need stimulation, but the *Star* apparently thinks it does. I continue to read from the *Star*:

> Taken as a whole it is really an unimaginative stand-pat budget that in itself will provide little relief from our present economic problems.

You see, the *Star* is not convinced; it does not regard it as a simple reduction in taxation; it does not think that it is nothing but vote-catching, whatever others think. Whether the minister thinks it or not, whether the minister admits it or not, it has other results as well. As a matter of fact, the *Star* pays the minister the compliment of taking him seriously and it says, if things are really in a bad way—and I feel there is something in this—if things are in as bad a way as the *Star* thinks they are, then there might be an argument for their suggestion of a much larger deficit, though I do not agree with it. Nevertheless, if the minister started out with the view of the situation that the *Star* has he might quite probably have reached their conclusion. However, the minister can comfort himself with the *Free Press* of Winnipeg. They really have come through in grand style. I remember very well reading this because I have a great respect for the *Free Press*, when they are right, and I think this was right. I read this with great respect last December. The *Free Press* said:

> The fiscal discipline of balancing the budget cannot be abandoned. To urge anything of the kind is the very depth of Conservative irresponsibility.

That was said in December, and now we are in April, Mr. Speaker. The *Free Press* swallows the dose. It troubles them a bit. They are not too enthusiastic about the budget. They have little postern gates left open where they can get through later on if it turns out to be not a great success; but nevertheless, by and large, the *Free Press* gives it a kind of qualified blessing. They think it is not a bad budget. As a matter of fact, they do a little twisting and squirming and they make themselves believe it is not a deficit budget at all. I do not know how you can do it. It is in some kind of higher synthesis that I have not been able to reach.

The *Star's* words of course underline a very important question of fiscal policy which ought to be most seriously considered, particularly from the point of view of two groups in the community: first of all, all those on fixed incomes who cannot protect themselves against rising costs; and secondly, and perhaps at the present moment particularly, the agricultural community who are squeezed between the upper and nether millstones. Their costs are certainly not going down. I am afraid there is every reason to believe that it will require an effort to keep their prices where they are now.

If we are going to be serious people we must face the fact that there is no doubt whatever about the tendency of a deficit. The tendency of a deficit, indeed the actual effect of a deficit, is to create additional purchasing power through borrowed money. The minister cannot play fast and loose with hundreds of millions of dollars and say that it is going to have no effect on anything. Something is going to happen. Deficits mean higher purchasing power with a tendency toward higher prices.

The minister will say, in fact the governor of the Bank of Canada said the other day, that the tendency will be for unemployment to offset this tendency, and no doubt that is true. Nevertheless the tendency is there. This business of borrowing money is like taking the

first drink, although I know the minister has not done that yet. You never know quite where you will stop.

We are at the end of what might be called fifteen years of boom times during which the government came along year after year and told us about the buoyant economy. How pleased they were to tell us of that. How good it has been for all of us that it was buoyant. Of course it was inevitable that they should take the credit for it. They were carried along on the crest of the wave and perhaps they hardly realized what was happening. But they took the credit and now it may be that they are going to have to have a reckoning. It may be that they are going to have to give a real accounting. Certainly it is relevant to ask how it is that after fifteen years of the kind of times we all remember, after the scores of billions of dollars that the government has taken from us, why after all this is it that with the economy quickened the picture is given to us by the minister of hundreds of millions which we will now have to pay by way of deficit. That is a question which I hope will be answered. I do not think the minister has answered it yet.

Reference has been made to the gross national product. The government has pretty nearly reached the stage when it almost holds itself able to control the gross national product, and I shall say a word about that later. If the gross national product does not behave as it is supposed to, then it is unfortunate, as the deficit could easily grow quite a lot.

I wonder what the Minister of Trade and Commerce (Mr. Howe) and the former Minister of Finance would say if they were here. They had some strong things to say a couple of years ago about deficits when our party was proposing to reduce taxes, not through deficits, although we were accused of that by the Minister of Trade and Commerce. He said that we had deficits in mind and it was natural for him to say that because after all there was nothing in his experience which would suggest that you should reduce taxes by making economies. In his experience you only reduce taxes when you are on a rising economy, when prices are high, when you have hundreds of millions of dollars more than you expected by reason of these high prices, and you are able to make certain tax reductions. As my colleague says, they were made on the eve of an election.

It is natural for the Minister of Trade and Commerce to feel that anyone who was going to reduce taxes was not going to do it by saving, but would do it by some other method. So the minister who did not think much of deficits accused us, quite unfairly, of having it in mind. As reported in the *Globe and Mail* of June 25, 1953, the minister said:

> Deficit financing was just as dangerous for countries as it was for families who spent more than they earned.

Our good friend the former minister of finance also said in a broadcast, referring to borrowing money and running up the national debt—it was natural perhaps that he should say this because he had the delightful experience of being in office during a rising price economy and was able to show surpluses—and I think this is quite interesting:

> This is in a very real sense buying your votes with your children's earnings for quite obviously your children will be paying that extra debt.

What a pity that those two ministers did not tell the present minister that his tax reductions should come from economies. It is too bad that the Minister of Trade and Commerce is not here today so that we might know just what he thinks about it. Perhaps we might get a judgment from the supreme court bench on it.

Is the government so bankrupt that in the face of difficulties that we all know we are facing now its only expedient is the old-fashioned one of debasing the currency? Borrowing is so seductive, and is a practice which should be closely watched, particularly, as I say, by the fixed income group and by farmers.

I think it is important to look behind the minister's words for a moment. He has not really taken us into his confidence. I am afraid that from the way he speaks we have had a sort of brushoff. Let us look for a moment at the gross national product figures on which he bases his calculations. Incidentally we should remind ourselves that the gross national product is a funny figure; it does not mean business done, it merely means goods produced. Conceivably you might have a terrific gross national product and still be very badly off if you could not sell it and deal with it. Of course it is a rough and ready guide because we do sell most of what we produce. But do not let us forget that the gross national product figure may contain, as it does now, millions of dollars of goods which remain unsold.

In 1953 the gross national product was $24·4 billion; in 1954 it had come down to $24 billion; and in 1955 we find the minister basing his budget on $25·25 billion, and he hopes it will reach a rate of $26 billion by the end of the year. That hope of course will be based on a bit of pump priming, if I may use that phrase in the minister's hearing.

We have a brand new way of setting taxes and making our estimates. We are doing it

according to what we think the level should be rather than what we expect it to be. In other words, we take $25.25 billion and then set up a background where we would like to have this other figure of $26 billion. Then we go pretty far in just assuming that it is going to happen. I am reminded of a quotation from "Alice in Wonderland" that was used the other day in this chamber:

"When I use a word," Humpty-Dumpty said, "it means just what I choose it to mean—neither more nor less."

But the government has gone a long way beyond that when it says, "Things will be what we want them to be." I suggest that this is something worth knowing. As was pointed out to me the night of the budget speech when the minister was referring to tobacco and liquor, the minister does not drink or smoke but he surely does gamble. Everyone hopes that he will succeed but we would prefer that there had been a more reasoned approach. We would have liked to have some more reason for the course which we are following.

When I spoke last I complained that there was nothing in this budget for the unemployed. The minister has underlined this by saying that the tax reduction was not to stimulate the economy. I agree that the stimulus is very slight indeed. I understand that talking about the unemployed is something which one has to do with some discretion. I understand that it can easily be considered unpatriotic to refer to unpleasant things and I understand that a distinguished representative of the Liberal party has said this in public. I hope that I shall not go too far. Certainly the facts at the present moment, including those that have just come in, with regard to employment are not only unpalatable but are to me alarming.

I find it alarming that we have seven times as much unemployment as there is in Britain. That is taking the lower figure. That is not taking the large figure but is taking the figure of those without jobs and seeking work. Here are the last figures. In February the figures were as follows: In Britain, 281,000 against 379,000 in Canada without jobs and seeking work. Let us remember that the labour force in England is something like four times as large as our own. In March Britain has gone down from 281,000 to 269,000 and we have gone up from 379,000 to 401,000.

As I say, I find that to be alarming. Yet apparently by saying that I may be doing something unpatriotic and perhaps I should not say it. In any event an extremely civilized gentleman who is a lawyer and who often speaks to briefs, and who I think in this case was speaking to a government brief—I am referring to Mr. Duncan MacTavish, president of the national Liberal federation—said this and I read it with astonishment. He is a gentleman whom I know well. He is a highly civilized citizen. As I said, I believe this never would have been said by him except in speaking to a brief. I would hazard a guess that he did not compose these words at all. But I shall read them because to me they are almost unbelievable. They seem to me to show what can happen to people—people we like, people we know—who have had power for a long time. I read what Mr. MacTavish said:

But mischief committed in the guise of free speech—

Could I repeat that phrase, Mr. Speaker? This was said at a meeting of the national Liberal federation:

But mischief committed in the guise of free speech which results in serious damage to the common welfare—

I stop there, Mr. Speaker. That is interesting because you must find out who judges the damage. That of course begs the whole question. The damage is to be estimated by your political opponents, apparently; and if you say anything they do not like, then that is damage to the community and you must be stopped. Now I will read all of it. I will read it right through:

But mischief committed in the guise of free speech which results in serious damage to the common welfare escapes the punishment it deserves until and unless the public withdraws its support.

You see, in the long run the common sense and the good judgment of the citizenry prevail. We are saved, apparently, until the next election. Actually they are not going to do anything to us, I think, until the next election. That is something, and I suppose we should be thankful for it.

This to me is such an astounding statement —I repeat the word "astounding", and I try to use words carefully—that I can only illustrate, match or talk about it with a rather astounding illustration which I have here. This comes from the brave parliamentary days of the eighteenth century. As we all recall, in those days members were members. They owned their constituencies and they were not, as we are, courtiers of democracy. They did not have to trudge from door to door, somewhat humbly, as we do. This letter will indicate the delightful position in which they found themselves and which we may so well envy.

This is a letter from an M.P. by the name of Anthony Henley. It is in answer to a protest from his constituents about the excise act. That will sound familiar to the minister. Bear in mind that this was a pocket borough

which Mr. Henley represented before the reform bill more than a century ago. The letter reads as follows:

> Gentlemen:
> I received yours and am surprised at your insolence in troubling me about the Excise. You know what I very well know, that I bought you, and by God I am determined to sell you. And I know, what perhaps you do not think I know, you are now selling yourselves to somebody else. And I know what you do not know, that I am buying another borough. May God's curse light on you all.

Mr. Pearson: Would the hon. gentleman read the last two lines of that letter?

Mr. Macdonnell: I will leave that as a special perquisite of the Secretary of State for External Affairs (Mr. Pearson). It becomes somewhat personal and I do not think it is suitable for this house.

I want to repeat again that the minister went out of his way to underline the fact that his budget was not intended to stimulate the economy. Oh, no; no nonsense of that kind; it did not need stimulating. Therefore that is equivalent to saying that the minister was not taking steps for the unemployed. I believe that he was not taking us into his confidence, that they were somewhere in his mind but that he did not feel quite free to talk about it. When I say this I have in mind these figures, and particularly the last figures which are worse than ever and which seem to me to be just a disgrace to us all, particularly the fact that we should have seven times as much unemployment as there is in England.

The unemployed are not forgotten citizens, but I am sure they must sometimes almost feel themselves to be rejected citizens, casualties of the industrial army, frightened men and women with cold bodies and hungry stomachs, as my colleague from Hamilton West said, who are afraid of what is going to happen to them.

Let us look back to what this government has done and has not done. We all remember the brave words of 1945 and the spring of 1946. They were words of hope; they were words not merely of economic significance but words of hope, sympathy and understanding. But apparently today the expression of real concern is left to us in the opposition. The government apparently is concerned with one thing, namely to try to slide from under. That is the only way I have been able to explain to myself what is happening. It is true that last September the Prime Minister (Mr. St. Laurent) used words which were the absolute antithesis of that. Indeed, they went so far that I cannot help wondering whether perhaps, being in his own bailiwick at that time, he may have had a little bit of, shall I say, adventitious enthusiasm which prompted him to go a little bit farther than he would have gone in more serious moments. The Prime Minister said this:

> We have a country where there should be work for everybody and if we are not smart enough to organize the economy of the nation to provide work for everybody, we are incompetent.

Those are extremely strong words. Since then I think it is true to say that there has been nothing but ignominious retreat. The attitude of the government since then, as compared with that statement, is as far removed from it as the east is from the west. It is hard now to remember the clarion call of last September or even to think that it was made. Since then we have had nothing except a feeble little toot.

Mr. Harkness: We have had increasing incompetence.

Mr. Macdonnell: We have had an attitude of detachment. The unemployed are our fellow citizens. While we here in this house cannot deal with things in a sentimental way, regardless of business and regardless of financial considerations, nevertheless there is such a thing as an attitude of mind which I am sure will have its effect on our unfortunate fellow citizens. It has this effect, I know, on those who work most closely with them, namely, the social service workers. While they are often regarded as too sentimental, in my own family and elsewhere I happen to have close contact with them and I would say they are a very intelligent, wise group of men and women who do not deal only in sentimentality. When I read their memorandum on unemployment in greater Toronto I read something which it seems to me must be gall and wormwood to the unemployed. This is a memorandum which I received from Toronto and it has to do with the attitude of governments. I cannot help feeling sure one of the things that affect the unemployed most is that they are the unwanted people. They are tossed from one area of government to another. The memorandum reads:

> The federal government maintains that it has met the main need through unemployment insurance; that constitutionally the responsibility for any residual program rests with the provinces and there is no evidence that the problem is beyond the capacities of the provinces.
> The provincial government tells us that assistance to the employable unemployed is a federal responsibility. They refer to the proposals made by the federal government in 1945.

I shall also have occasion to refer to them.

> They also contend that they lack the financial capacity to meet the problem. The government of

Ontario stresses the value of centralizing in one administration responsibility for both employment and unemployment.

The municipalities take the view that municipal revenues from property are unsuitable for meeting this need. They feel that it is unfair to the property owner to carry a responsibility which should be shared by all citizens. However, the city of Toronto has recently stated its willingness to share the cost of relief assistance and the services necessary in connection therewith with the federal and provincial governments on a 40-40-20 basis. There are twelve other municipalities in the greater Toronto area, some of which may not find it financially possible to enter into such an agreement.

As I said, and I do not wish to say this in any personal way, the question of real concern for the unemployed seems to have been left to us. When we talk with the government we seem to get into a world of statistics. Human beings seem to be remote shadows. How different it would be if the government were able to make real savings and to assist the provinces and the municipalities. After all, unemployment insurance is only a very partial solution. As we watched the government earlier in the session, as we noted the blank face they turn to all requests regarding unemployment, as we noted the ever more and more rapid retreat of the Prime Minister, as we listened to the Minister of Trade and Commerce (Mr. Howe), we all thought that action was being saved for the budget. We felt that the government would not dare to leave things as they were, that the budget would grapple with the situation. Well, we were wrong.

Here we have the budget and there is no report or explanation on this aspect of our affairs at all. As I said a moment ago, we have roughly seven times the proportion of unemployment in Britain. Why have we this plague, this disease? Is it want of flexibility? In the pioneer days people were free to go and expected to go across the country, if necessary, looking after themselves. But we have made it difficult, if not impossible, by our complicated machinery to move from one place to another. If a man goes to another municipality he may deprive himself of his rights to assistance.

Are we going to have to wait for the report of the new commission to be set up? Is that to be the intellectual answer to this intellectual bankruptcy that faces us so far? I am not going to sneer at the commission. I think there is a good deal to be said for having an outside view come and explore situations which are being handled by civil servants, however good they may be. I think there is an argument for that. On the other hand, I remember that a most high sounding committee was set up at the beginning of the war which was never allowed to do much. I think its days were numbered from the first day it was appointed because I doubt very much if the civil servants ever intended that the committee should be effective.

What about the younger people? As I said a moment ago, it is much more difficult for them to move about the country as they could in simpler and more pioneer days. We have the bitter complaint, which I myself believe, that there is injurious overlapping between the citizenship and immigration and labour departments in respect of placements. I believe this is true, and I put it up to the ministers concerned to tell us the whole story frankly.

I can find no sense in the government's attitude of wait and see. Have they dug down into the basic causes? Have they probed maladjustment city by city, industry by industry? I know of no evidence. We have not had it in the house.

In the house we have really had irrelevant generalities. The Minister of Trade and Commerce says that business is good. The Minister of Labour (Mr. Gregg) hopes for the best. The Prime Minister, at the national Liberal federation meeting, spoke of "woes" that were "temporary". That will not comfort the unemployed. They may very well say that life is temporary too. No reasoned hope has been held out. Various questions enter the mind. Do we need higher skills? I talked last night to a manufacturer who pointed out to me the extraordinary need of increasing the number of people with higher skills if we are to meet competition. The suggestion has even been made that, as a temporary measure no doubt, we should keep children in school longer in order to give them higher skills. There would be difficulties of accommodation there and maybe it is not practical.

I am just throwing out these suggestions because when we have such a situation confronting us it seems to me that everything should be tried. If everything is being tried, all I can say is that the House of Commons has not been advised. I might refer to the debate on unemployment long enough to say that I was amazed by the negation on the government side. Even the little things have not been done. Why could the minister not have remitted the sales tax on municipal corporations? It is not a new point to raise but I wonder whether it has been fully explored whether we cannot do more processing of raw materials at home. I know that is as old as the hills, but has it been fully explored? Of course we have got to

export a lot of iron ore and other things, but is it not possible for us to make the best of both worlds to some extent and manufacture more of our raw materials here?

Just the other day I heard of a case where a hardboard factory was set up and at the time it was established the United States tariff was 6½ per cent. The factory was doing very well and making a very superior product when suddenly the tariff was raised to 16½ per cent. That seems to me an unfriendly way for neighbours to carry on. That seems to me a case where there ought to be some possibility of compromise and accommodation. As we all know, in the province of Ontario real progress was made in respect of the export of raw wood. If these things have been done, if the situation has been fully explored, the house should know. I certainly am not informed as I should like to be. There is one special thing that I mention as I come to the end of this part of my speech. We seem to have made a sad mess in respect of one possible source of substantial employment. I refer of course to the pipe line. It seems that there we have just messed the thing up completely and lost for this year what might have been a very substantial source of employment.

A dominion-provincial conference is at last being grudgingly called. It is only an agenda conference, I understand. It is to get ready for the conference. It almost makes one despair when one wonders whether this is again a case of this year, next year, some time, never. I was present in the Senate chamber when the dominion-provincial conference was adjourned *sine die* around the 1st of May, 1946. At that time it was interesting, almost pathetic, to observe the desire of some of the provincial representatives, notably our friend Angus Macdonald who is no longer with us, to have the conference adjourned to a specific date. But no, it would not be conceded.

Now, it is hard to find any sign of enthusiasm on the part of this government in the preparations for the forthcoming conference. It seems to me their attitude has been one of twisting and squirming and trying by every means to avoid responsibility. Where are the brave days of 1945? The vision apparently has passed away. I know what has been said. It will be said that since then we have had to step up our defence expenditures. I know that very well, and a lot of other things have happened. The government is taking a couple of billion dollars more out of the taxpayers than they were at that time.

We go back to 1945. As I say, the vision has passed away like the snow in spring.

Let us remind ourselves of what was talked about seriously back in 1945. There were to be efforts directed to a high degree of employment; efforts directed to (1) export trade, (2) to private investment, (3) consumption, (4) expenditures and public investment. Governments then thought they could regulate the economy. I imagine now they would like to forget some of the brave words. I know that a gentleman not renowned for his opposition to the Liberal party, Bruce Hutchison, says that the minister is now on white fly paper, by which I understand he means that the minister is more or less stuck with some of the promises that were made in the past.

Now, let us consider for a moment what has happened since 1946. In his budget speech of 1946 Mr. Ilsley said that owing to the failure of the conference, which I described a moment ago, several of the major objectives must be held in abeyance for the time being. Then he added that "they remain, nevertheless, an essential part of the program of this government". On July 15, 1946, that was just after Mr. Ilsley's speech, Prime Minister King wired to the premier of Saskatchewan that the federal government was "ready to explore mutually satisfactory arrangements in regard to the whole or any part of our earlier public investment and social security proposals." In 1947 Premier Hart said that Mr. King had assured him—I think this was when the British Columbia agreement was signed—that as soon as a sufficient number of provinces had signed agreements he would call another dominion-provincial conference to discuss various matters, including unemployment.

In his budget speech of 1947 Mr. Abbott said that "the government of Canada looks forward to the day when the agreement of all or substantially all the provinces will make possible the achievement of the great national purposes which impelled the dominion to make its comprehensive proposals of August 1945." He said that this included "the development of an efficient and flexible tax system designed to permit the expansion of employment and income." That was in 1947, and those were brave words; but what about actions? Well, as I said a few minutes ago, the government seems to me to have been squirming and wriggling ever since to evade responsibility.

Perhaps there is one thing I should mention. I discovered to my surprise, and to the surprise of a lot of other people, a clause which is in the dominion-provincial tax agreements and which looks to me like a bit of slick legalism. I shall read it:

> Nothing contained in this agreement shall be construed as an admission by either party to this

agreement that the said party is responsible for the whole or any part of the cost of the relief of unemployment, either during the operation of this agreement or at any other time.

Now, Mr. Speaker, I do not know whether it is fair to call that a joker. I have met some people during the recess who certainly thought it was a joker. They had not known about it. They thought it was a curious place to have this matter of social policy introduced. Of course, it should be apparent to everybody that the effect of that was purely to benefit and protect the dominion. So far as the provinces are concerned, their responsibility comes under the British North America Act. They could not be relieved by this clause, so that we can take it this was what I call a slick legal device to protect the dominion. I do not think very highly of it because it would seem to me extremely likely that it was obtained under what might be called a mild amount of duress. The provinces were getting money at the moment and unemployment at that time was not a very serious matter. A bird in the hand was worth a good deal. However that may be, they signed that agreement.

Now, what do we find? I have read the memorandum from the social workers in Toronto pointing out that all governments were claiming they were not responsible. It is a sorry record. We had the visit of the Toronto board of control here, and they were told to go back and talk to the province. We had the request from British Columbia, and they were told that they had not established the fact they were unable to take care of the situation. It is a sorry record and the federal government cannot camouflage its half-hearted contribution.

Of course, as I said some time ago, these things come back, and usually to the purse. If the government had made savings, if they were able to do more, then the situation might be different. This brings me to the question of expenditures, savings and extravagance, on which I shall say a very few words. It is an old story and a sad story. We have had the new Minister of Finance (Mr. Harris) compared to Hercules, but the reductions which have been made, on balance, are trivial, except in defence and finance. The finance reduction I understand is more or less temporary and accidental. The old sink holes are still infinitely capacious: professional and special services, telephones and telegrams and all the other things with which we are so familiar.

There is just one thing I am going to mention. It has already been mentioned in this house but seems to me to be so fantastic I am going to mention it again. It is the case of the C.B.C. The C.B.C. has been made a little empire. It has taxes of its own. This takes us back past the days of the consolidated revenue fund when all taxes were earmarked for special purposes and when infinite inconvenience was caused thereby. As I say, the C.B.C. has an empire of its own and taxes of its own. In their last report we have the astounding situation that they had a surplus of $6·5 million. Of course, it was not a surplus at all but a combination of circumstances that had prevented them from making some capital expenditures which they had intended to make.

The best comment I can make on their situation and the way they carry on business is to read what the Auditor General had to say in his report. He had made suggestions to the C.B.C. as to their method of doing business. When you have an empire of your own, and taxes of your own, and when you do not have to come each year to have your estimates approved in this house, I suppose you do become pretty uppish. And evidently the C.B.C. at any rate took precious little stock of what the Auditor General had said, and caused him to make this comment:

Subsequent action by the corporation—

This is subsequent to his suggestion of change, which was ignored.

Subsequent action by the corporation not having been of a nature to remedy the situation, the manner in which the accounts were kept during the fiscal year ending March 31, 1954, was not found to be conducive to satisfactory auditing.

Mr. Speaker, I ask you and I ask myself if anything more conducive to abuse and more contrary to common sense in dealing with large sums of money could be imagined. I suppose someone had the bright idea that there would be a certain narrow logic in letting the users of radio and television carry the burden of the C.B.C., as we were doing away with licence fees. This was a bright idea. I suppose it was thought that it would be painless. Of course anyone who looked at the realities would see there was no reason whatsoever, no reason in the world, to expect that the tax would be the right amount; and there was even less reason to expect that if it was too large there would be any complaint from the C.B.C.

But even now when the foolishness looks so self-evident, and when as I say they have a phony surplus of $6,500,000—even now, apparently there is no disposition to change. Indeed, the answer that is given to us is that this year the C.B.C. will be able to spend the full amount. I do not know how they figure what it will be, because that would

depend upon the amount of sales. But whatever it is, they will do their best—and I think probably we can rely upon them for that.

I can only repeat that when the government deals with money in this way, to use the Prime Minister's expression, it is not smart enough. And this is what caused some newspapers, I think, to call this an irresponsible budget. It is neither one thing nor another. It does little enough for its beneficiaries, and nothing to ease the burden of the lowest income groups in the community, who get no reduction of any kind, and who will have to help pay the taxes to repay the borrowed money.

Notwithstanding the optimistic predictions, we have deficit financing. I have read to the house the criticisms by other ministers with regard to deficit financing. We have tax reductions which are to come from borrowing. It is so much easier to borrow, and so we have set out on the slippery path of inflation, notwithstanding the fact that the minister tells us that times are good—and it is likely he would add that they are to be almost unimaginably better.

As for the real problem, that of unemployment—well, the budget virtually ignores it. They are looking to a dominion-provincial conference, as, if and when it takes place. We can only hope that the lukewarm and indifferent attitude of the government will be changed. That can come about only through the efforts of this house, supported by public opinion.

Mr. Speaker, I move, seconded by the hon. member for Eglinton (Mr. Fleming):

> That all the words after "That" to the end of the question be deleted and the following substituted therefor:
> "this house regrets that in its budget proposals the government has failed:
> (a) to give effective stimulus to Canadian enterprise to create employment and opportunity;
> (b) to reduce taxation affecting those on low incomes and allowances;
> (c) to curb its own extravagance and inefficiency;
> (d) to recognize the serious position in which the Canadian farmer and other producers now find themselves."

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, rising to discuss the minister's budget I would say at first that, despite the able manner in which he delivered it, it was a most deceptive document, for it failed utterly to suggest any remedies for the situation that has arisen as a result of the drop in farm income and the serious level of unemployment—which are the real factors behind the latest recession in the Canadian economy.

One excuse, that the 1954 drop in the gross national production and of farm income is due to a poor western crop last year, is both misleading and fallacious. The poor crop has had relatively little influence yet, because of the small quotas of deliveries that have been permitted from it. There is—and I do not think this fact is generally recognized—a very substantial amount of good wheat lying on the farms of western Canada.

I have a letter which illustrates that point. It comes from the co-operative farm in my constituency on the Matador ranch, which is operated by some 17 veterans from the last war, and their families, on a co-operative basis. After referring to the distribution of cars at local elevators and protesting against being compelled to deliver grain at non-pool elevators—and may I say this is a very real grievance among our farmers in western Canada who wish to deliver their grain to the pool elevators system, their own organization—the writer goes on to say this:

> As far as our farm is concerned, we have about 14,000 bushels of 1952 wheat; 15,000 bushels of 1953 wheat and several thousands of bushels of 1954 wheat, so don't let the government in power get away with the idea that the poor 1954 wheat crop is the reason for the present farm plight. There is plenty of 1952 and 1953 wheat besides our poor grade 1954 wheat.

He then goes on to say this:

> We had hail damage of 43 per cent in 1953 and also some damage in 1952. As I regretfully say—here we are more fortunate than several of our neighbouring farmers who were not hailed. We were able to get hail insurance on wheat we would never have been able to sell or build storage for. Some have welcomed the hail so as to collect hail insurance as they have no faith in the way the present government in power has lost markets.

To identify the letter may I say that it was written by Mr. E. P. Monson of the co-operative farm at Matador; and of course this letter is available to the house, if it wishes to have it.

Thus, the minister's excuse regarding one aspect of the fall in our economy is, as I have said, quite fallacious. Nor should we allow it to be said—and I wish to make this point clear—that the policies of the pool, of the wheat board and the farm organizations are responsible for the loss of our overseas markets.

At no time was Canadian wheat held off the market to claim higher prices from Great Britain or from other overseas customers under the international wheat agreement. Great Britain, for example, was free to buy wheat from Argentina, Turkey, the Danubian countries, or any non-member of the agreement. Nor can the surplus of Canadian wheat be caused by this agreement or the operations of the wheat board. Wheat acreage in Canada has declined over three million acres between 1949 and 1954. Importing countries increased their own production not because

of the international wheat agreement but because they wished to increase and subsidize their domestic production. Wheat in Britain, France and Italy has always been higher in price than under the international wheat agreement. When No. 2 northern wheat on the farm in my constituency in Saskatchewan was $1.60 a bushel, the British farm price rose from $1.99 to $2.28 a bushel. That happened between 1950 and 1953. I may say that these are the latest figures available to me. Prices in France rose from $2.01 to $2.83 a bushel in exactly the same period. Only the bringing into relationship of the sterling price with that of the dollar will bring about a change. This desirable convertibility, as it is called, will come only when North America imports more commodities from our potential customers and thus improves the trading relationship. Government policies to promote this alone can improve our wheat exports. May I say that I saw no such policies foreshadowed in the budget.

Those who would destroy commodity agreements in order to restore speculative marketing are offering no solution to the Canadian farm people or that of agricultural producers anywhere in the world. Therefore, the budget speech of the minister fails completely to recognize the real fall in the economy when it suggests that it is in large measure owing to the poor wheat crop of 1954. In my opinion, the budget fails to meet national needs in respect to two problems: the fall in farm income and the tremendous rise in unemployment, which I believe are not really two problems but are two sides of one problem. If we wish to be at all alarming, today's news of the latest dominion bureau of statistics unemployment figure of 633,000 people registered for work should alarm us. It is the highest figure for many, many years. I did not quite get the other figures of those actually out of work which were also broadcast, but they were well over 400,000 on March 19.

The minister's estimate of the gross national product seems to me altogether too optimistic. Even the Minister of Trade and Commerce (Mr. Howe) does not do more than estimate the capital expenditure program which, while somewhat higher than in 1954, will still be lower than in 1953. The Minister of Finance believes that we shall not only recover our loss in production of last year but in this year we shall add to it and make what is in effect a very abnormal gain in the gross national product. Upon that assumption he bases his estimated deficit of $160 million at the end of the present financial year.

I want to say again that there was no reference in the budget to the 600,000 who were unemployed at that time, 633,000 now. These are the unplaced applicants for work. The only reference is to be found in this one sentence of the budget speech. The minister said at page 2728 of *Hansard*:

> In recent years we have become so accustomed to big improvements in production, that even a minor reversal of the trend is apt to cause more concern than the situation warrants.

Surely, 10 per cent or more of our entire labour force seeking work, or unemployed, should not be regarded as a minor reversal. Certainly, that is not the opinion of the workers, and above all it is not the opinion of an unemployed person.

The minister persuades himself that production levels for last year were next to the record. It is true that because of the growth in population and the monetary inflation during the post-war period, the absolute figure of gross national production has been increasingly satisfactory to the minister when presenting the budget. However, the present minister and the government should follow the example of the government's own bureau of statistics and express the gross national product in terms of constant dollars and then examine Canadian production today and compare it with the previous years to get the comparable per capita figure.

The gross national product per capita, in terms of constant dollars, that is the value of a dollar between 1935 and 1939, which is the base period that the dominion bureau of statistics takes, was in 1954, not just lower than in 1953, as appears to be the case when we consider only the absolute figures, but in constant dollars it was actually lower than 1953, 1952, and 1951, and it is indeed the lowest since 1950, when the Korean war broke out and we got a boost in production.

Mr. Harris: I do not want to interrupt my hon. friend, but I take it that he has worked it out. I have just looked at the white paper and it does not appear to be that way.

Mr. Coldwell: These are the constant dollars on a per capita basis.

Mr. Harris: That is in the white paper.

Mr. Coldwell: I obtained it from the statistical review of the dominion bureau of statistics.

If we go back farther we find that the gross national product per capita, in constant dollars, was in fact higher in 1943, 1944 and 1945, than it was in 1954. I think that is right. Indeed, these figures underline the contention that I have made over and over again in this house that the Canadian production machine functions best during times of war or of post-war defence preparation. Of course, that is not the fault of the machine. Productively, our scientists, our engineers and

our workers have increased their productivity year by year, but our economy has been unable to adjust itself to consuming all of which it is capable of producing except, as I have said, during heavy wartime or for defence preparedness. Therefore, there is really no overproduction. The unplanned economy fails to move the wealth of the nation to those who need it, and accordingly, there is waste and poverty in the midst of world-wide actual or potential plenty.

Now, this is where the budget has its part to play. There are two things which the budget could do, two related things which the minister failed to do. First, tax relief should be given in such a way as to most effectively stimulate consumption. Second, the budget should plan to enable the government to initiate large public investment programs to fill the gap when private investment fails.

Now, with regard to the stimulation of consumption, the budget does very little in this respect. We welcome even the parsimonious tax reductions that are to benefit the lower income groups. We welcome the reduction in the excise tax on automobiles and the abolition of the tax on tires and tubes. With the rapid growth in suburban living and the distances between our farms and their sources of supply, the automobile has become an absolute necessity rather than a luxury for large sections of the population.

I am disappointed that the minister did not reduce the rate of sales tax or even make wide exemptions from the tax of commodities like clothing and household effects. The sales tax, including the social security tax of 2 per cent, is 10 per cent at the federal level, but because it is pyramided as it passes from the manufacturer to the consumer, the increase in cost to the consumer is considerably more than 10 per cent. Indeed, in some circumstances it may even be 20 per cent or more than 20 per cent, though of course it is not always that amount.

One of the ways of increasing the purchase of consumption goods would have been to reduce the sales tax. The minister made some reductions in income tax which are expected to reduce the federal revenues by some $85 million in the current fiscal year. These reductions will, of course, not assist those who are unemployed nor those who do not pay income tax.

May I say to the minister that this was done in a most misleading manner. When we heard the minister we jumped to the conclusion that the reduction in the tax was more substantial in the lower brackets than in the higher income brackets. What the minister actually did, in spite of any impression to the contrary which was contained in the table which I looked at the night the budget was placed before us, was to reduce the tax rate by two percentage points in all personal income brackets. This means that the married taxpayer with two children receiving family allowance and earning $3,000 a year gets a tax reduction of $7 for the whole of 1955, or an average of 58 cents a month. In other words, slightly less than two cents a day. I do not think that anyone will argue that that will stimulate consumption substantially.

The married man with two children receiving family allowance with an income of $100,000 a year will receive a tax reduction of nearly $1,000, or to be precise, $977. The higher the income the more rebate that is received. This is a reversal of what the table included in the budget seemed to indicate when I looked at it the night the budget was placed before us.

Now to achieve the maximum of benefit to the economy, benefits should have been higher in the lower income group than in the higher. The best way to have done this would have been to have increased the basic exemptions to say $1,500 for single persons and $3,000 for married persons, with of course corresponding exemptions in relation to dependents. Had this been done the married taxpayer with two children earning $3,000 a year would have received a reduction of $105 instead of the $7 he will receive this year.

Mr. Harris: And the deficit would have been?

Mr. Coldwell: I shall come to that in a moment. In all the higher brackets increases should have been made to compensate to some extent for the loss of revenue due to the higher exemptions. While I cannot go into it as I would like to if time permitted, this could have been accomplished by the imposition of a capital gains tax. People in this country who have been dealing in stocks over the past several years have made huge incomes and those incomes have not been taxable.

The minister could have helped the small man too by the removal of the 3 per cent floor on medical expenses. The House of Commons expressed itself in favour of its removal some years ago and the government I think should be censured for having failed to carry out the recommendations of the representatives of the people of Canada so clearly expressed in this parliament at the time. If the minister is able to reduce the income tax on the higher income groups and on large corporations then he certainly could afford to adopt this proposal which would benefit primarily the low and middle income groups.

The government is by slow degrees introducing what is in effect a more regressive personal income tax structure, ignoring more and more the basis of ability to pay. Recent budgets have whittled steadily away at this principle. Let me make my point clear by comparing the tax rate for 1956 with that in effect in 1949 when the present scale of exemptions was established.

In 1949 a married man with no children earning $3,000 a year paid a tax of approximately $150; in 1956 a married taxpayer earning the same amount will also pay approximately $150. In 1949 a married taxpayer with no children and earning $5,000 paid a tax of approximately $510; in 1956 he will pay $510. In 1949 a childless married taxpayer earning $10,000 paid an income tax of approximately $1,660; in 1956 the same taxpayer will pay a tax of about $1,560, a reduction of $100. A person earning $100,000 paid a tax in 1949 of $50,360, but in 1956 he will pay $48,460, a reduction of $1,900.

The minister may say that this is due to the operation of the old age security tax. That is true very largely and that is my point. This situation arises because of the $60 limit on the old age security tax. A person with a taxable income of $3,000 will pay $60 just as the man with a taxable income of $10,000, $20,000 or $100,000 will pay the same $60. This means that at the lower income the old age security tax is 2 per cent, but in the $10,000 bracket it is six-tenths of 1 per cent and in the $20,000 bracket it is three-tenths of 1 per cent. This illustrates what I mean when I say that our income tax structure has become more and more regressive. If we must have a special old age security tax of this type, then remove the ceiling. Make it 2 per cent all the way through, which would help to get the fund out of the red.

I should say immediately that I am glad that the government has abandoned the fiction that old age security will be paid for by this tax. We never supported the proposal to set up what is in effect a separate fund to meet this special need. There was no more logic in that than there would have been in setting up separate funds to meet such things as veterans' pensions, family allowances or even defence expenditures which would result in endless confusion and administrative waste for checking and cross-checking. Better abandon the 2 per cent special old age security tax and pay for it out of general revenue with an income tax imposed in the higher brackets as well as in the lower to meet the need.

According to the estimates for the 1954-55 fiscal year the old age security fund today is made up of 20 per cent sales tax, to which everybody contributes—the larger the family the larger the contribution—7 per cent personal income taxes and only 4 per cent corporation taxes. This again illustrates my point.

I made a comparison between the personal income tax in effect in 1949 and that which will be in effect in 1956. In 1949 the tax credit allowed receivers of dividends from Canadian corporations was first introduced. At first 10 per cent of what was received in dividends on shares was deductible from the income tax otherwise payable by a taxpayer. In 1953 this tax credit was increased to 20 per cent producing, as I pointed out at the time, the fantastic result that a married man with no children who received all his income from clipping coupons could receive up to $9,760 free of personal income tax. That was the position in the 1954 taxation year.

As a result of the taxation changes proposed by the minister this year the results are even more fantastic. The government has been most lavish in benefiting this group of coupon clippers. As a result of the tax concession for 1956 when the tax changes will have their full effect the minister will have increased the $9,760 free of income tax to $11,133.33 which the coupon clipper may receive in dividends before paying any personal income tax. To my mind this is personal income tax evasion, quite legitimate but on a mammoth scale, marking an addition of almost $1,400 to the income which this group may receive tax exempt.

The following table indicates exactly what I mean:

	Coupon clipper (Gross unearned income from Canadian corporations of $11,133.33, married with no children)	Salaried person (Earned income of $11,133.33, married with no children)
Income tax (at 1956 rates)	$1,817.33	$1,817.33
Old age security tax	60.00	60.00
Surtax of 4 per cent on investment income over $2,400	349.33	nil
Total tax	$2,226.66	$1,877.33
Tax credit, 20 per cent of $11,133.33	2,226.66	nil
Tax payable	none	$1,877.33

This seems to me entirely inequitable when we consider that an earned income of $3,000 will pay $150 in income tax, while someone who receives his income from Canadian securities may receive $11,133 and pay no personal income tax at all. To argue, as the minister may, that corporations are taxed is entirely beside the point. I might just as well argue that because the Canadian Pacific Railway pays corporation taxes, then its wage earners should pay no income tax. I could just as well argue that proposition. Surely when we consider that corporation taxes are being reduced and that the income earner is of more use to society than is the coupon clipper, this iniquitous differential should be wiped out.

My second criticism was that the budget has failed to perform a second important function, namely preparation for a vast program of public investment. The minister was much concerned about the impact of corporation income tax. That he feels more concerned in that regard than in regard to individuals is evidenced by his decision to make the corporation income tax reduction retroactive to January 1 while the personal income tax changes will not become effective until July 1.

Concern for corporations no doubt is, in the minister's opinion, designed to stimulate investment. The first thing that must be pointed out is that the nature of corporation investment is changing. For instance, the 1954 preliminary figures indicate that gross business savings, presumably available for investment, and depreciation allowances were almost four times as large as were what might be called undistributed corporation profits. Accordingly the importance of the size of corporation profits is not as significant as it once may have been. Business has often refused to invest regardless of what its total profits may be. Consequently, reductions in corporation tax at this time, instead of going into new investments, may be paid in large part in the form of dividends, swelling the tax exempt status of certain people and providing them with what may be regarded as the guaranteed annual wage for coupon clippers. May I add that these same coupon clippers are often those who oppose most strenuously the idea of a guaranteed annual wage for the workers in industry.

It seems to me that the minister should have left the corporation taxes as they were, and should have diverted the revenues and capital gains into social investments of many types. That course indeed would have stimulated the economy. It would have demonstrated that the government was more concerned with social investment than with the financial interests. This revenue, as I suggested, plus an unearned capital gains tax, could have been used to assist the provinces to build hospitals and schools, to provide local amenities, to establish a vigorous national housing plan and, indeed, perhaps even a national health plan and so on. It might have helped in a national highway aid program, although this is considerably less potent in the economy in terms of employment than is the construction of houses and institutions such as those I have mentioned.

In order to emphasize the point I am going to move the following subamendment, seconded by the hon. member for Cape Breton South (Mr. Gillis):

That the amendment be amended by adding at the end thereof the following words:

"(e) to provide assistance to the provincial governments in order to enable them to plan their financing in such a manner as to relieve the people of this country from the crushing load of heavy municipal taxation."

I think that subamendment points up exactly what I have been saying. Some of our banks, it will be observed, notably in a recent monthly review of the Canadian Bank of Commerce, recognize the need for social investment of this kind to meet the needs of our people and to build a more prosperous Canada. The need for a public investment program has been underlined, of course, because of unemployment in recent months.

Municipalities have been forced, by the failure of the federal government to act, to adopt makeshifts. A short time ago the Toronto city council announced a work program which would enable unemployed men to earn $20 a week. This program reminded me of similar relief programs during the early days of the depression, which programs members of the Liberal party in common with some of the rest of us denounced from one end of this country to the other.

Of course this program will be of some help to those who are unable to find work, for it will assist them in obtaining food and a minimum of lodging, but can this be regarded from any angle as satisfactory? Is this a stimulus to purchasing power and our national economy? Is this indeed to any degree the honouring of promises that were made during the war by the federal government—particularly following the Rowell-Sirois commission—to assume responsibility for the unemployed employables? How can it be regarded as just and right that failure to plan our economic system should first deny to the unemployed the right to perform useful work that they are capable and trained to

perform, and then force them to work at substandard wages—$20 a week—in order to exist?

Hence, rather than the reduction in corporation income taxes I should like to have seen at least a start on a vigorous public investment policy to provide opportunities for full employment. When private enterprise finds that it cannot profit by expanding its investment and production programs, the government is obliged to resort to promises and concessions. This is like enticing a donkey by holding a carrot before its nose. If private investors are unwilling to accept risks without government guarantees such as were demanded recently in the proposed building of a trans-Canada gas pipe line, a government investment board should fill the need. When large corporations fail to justify their oft-repeated faith in the future of Canada with deeds, then we should have a national investment board to meet the need for social investment.

That has been clearly demonstrated this winter. Instead of making concessions to corporations the federal government should be doing the job that corporations fail to do, and instead of guaranteeing them regarding future profits or the safety of their bonds, it should take whatever profits may accrue for the benefit of the Canadian people.

In connection with this pipe-line discussion, may I add once more—as I did when the matter came before the house some time ago—that it is intolerable that the head of a United States corporation, in this instance Gulf Oil Company, should refuse to have anything to do with a project in which the people of Canada might have some control, which the government demanded quite properly because of the financial risk the government of Canada was requested to take. I hope the government will remain firm in refusing to accept the dictatorship of any powerful corporation, whether it be Canadian, commonwealth or foreign. It is this parliament and this parliament alone which should make decisions affecting the welfare of Canada and its people, and not profit-seeking corporations, domestic or foreign.

We welcome the proposal to set up a royal commission to examine prospects for the future development of Canadian resources and the Canadian economy, but it can do little in the way of immediate help. What we need is immediate action and a continuous program of economic development conscientiously and intelligently planned in a democratic way by the people as a whole, to meet the needs of the people. That surely should be a function of this parliament.

I cannot go into other matters of great interest to the Canadian people, inasmuch as my time is drawing to a close. An opportunity will probably present itself to discuss the unusual type of tax reduction which applies only to one province. Let me say at once that some people have said that in attacking this concession to the government of Quebec we are attacking either the province or the people of the province to which it happens at the moment to apply. That is not so. As a matter of fact I would be as much concerned about this type of tax concession if it applied to my home province of Saskatchewan. To my mind the new law which is to come into effect this year introduces into the Canadian tax structure the dangerous precedent that federal income tax may vary from province to province.

I do not think that can be denied. No matter what the government may say, that is the effect of the proposal. The minister may say there is a provincial income tax in the province affected. Certainly there is. But the provincial income tax is levied on a different base, with higher exemptions than the federal tax, and there need be no necessary relationship between the two. The fact is that there is a unilateral reduction in the federal income tax that applies to one province which is, I may say, of special advantage to the high income groups in that province. That the reduction for Quebec was coupled with an invitation to any other province to break the tax rental agreements and enter into a similar arrangement is an invitation to undermine the whole basis of the tax rental agreements. These agreements are needed, and I believe everybody in the house thinks they are needed, particularly when broad fiscal powers of the national government are urgently needed to be exercised.

When the economy is threatened with recession, as indicated by falling farm prices and unemployment, that is the time when broad federal fiscal powers are most necessary; yet it is at this very time that the federal government itself has, in my opinion, weakened the national power to deal effectively with the national economic situation. However, I must leave this problem to some future debate.

A federal-provincial conference is pending. I hope this matter will be placed high on the agenda, and that ways and means will be found to strengthen rather than weaken the tax rental agreements because in many of our provinces, particularly those that are underprivileged through lack of natural resources, these tax rental agreements are of vital importance. If we are to have an even

basis of opportunity for Canadians who live in various parts of Canada to enjoy the social services and other amenities of life which are their due, then we must have some method of spreading over the whole country the result of the productive enterprise of the country. The tax rental agreements were an attempt to do that, and I think they were successful to a remarkable degree. I am very disturbed to see what I consider to be a retreat from those agreements, indeed an undermining of them.

Of course I understand that when the conference meets, settles the agenda and meets again, tax rental agreements or some agreements must be negotiated or re-negotiated, let me add, with due regard of course to the rights and responsibilities of the provinces. But the provinces must also recognize that the welfare of all Canada is dependent upon the ability of this parliament and the government to meet successfully economic and social problems that are national in scope and importance. When confederation was established in 1867 the economic problems of the country were very different from what they are today. Yet the fathers of confederation in their wisdom saw to it that while the provinces were given the right to levy direct taxation all forms of taxation, including direct taxation, were to remain within the scope of the federal parliament.

In other words the fathers of confederation recognized, even in those days when the problems were few and simple, that this parliament must have the right to raise revenues in any way it saw fit to meet national needs. The tax rental agreements were a recognition that, while we had that right, nonetheless we were prepared to negotiate with the provinces with regard to a form of tax—income tax—which some of them had used, some only very recently, including the province of Quebec. Because of that it seems to me at this time, with the economy in its present condition and having in mind what may face us in the near future, that it is essential that we shall have tax agreements that will guarantee to all Canadians equality of opportunity from one end of the country to the other. Anything which tended to undermine that or to prevent this parliament handling national economic problems would, in my opinion, be fatal to the welfare of Canada and would bring about national disunity to a greater extent than we have known in the past.

We hope most sincerely that the federal government will not retreat from the right to organize the economy to meet the needs of the people of the country in whatever province they may live. Therefore we must have the necessary power, the necessary funds, to meet successfully economic and social problems that are national in scope and importance.

I see that my time has expired, but before I sit down let me say once again that in our opinion the budget and the proposals contained therein are unsatisfactory and fail completely to meet the conditions of falling farm prices, falling farm income, unemployment and other pressing needs of the country at the present time.

Mr. Solon E. Low (Peace River): Mr. Speaker, the rules of the house do not permit this group to move a subamendment; consequently there will be only the two already moved, one by the Progressive Conservatives and the other by the C.C.F. I looked over these amendments when they were handed to me on being moved by the hon. gentlemen, and because of the fact that each draws attention to the need for censuring the government on the various points mentioned we feel we must give our support to both.

I should like to say at this point that, in addition to censuring the government for its failure to meet the needs of the present situation, as was mentioned by the last speaker, the federal government should now be giving very careful attention to its plans for the dominion-provincial conference which is to convene shortly. Certainly if the provinces of this country are to discharge fully the responsibilities placed upon them by confederation, they must have the wherewithal with which to do so, and every effort will have to be made to see that they do have the finances. Otherwise I see no way in which the municipalities of the country, which have been carrying an undue burden of taxation during the past several years, can possibly be relieved.

I certainly join with the hon. member for Rosetown-Biggar (Mr. Coldwell) in his appeal to the government to make certain that sufficient finances are made available to the provinces through some equitable means, tax agreements if you like, such as may be devised at the forthcoming dominion-provincial conference. It is because these things have not been provided for in the past that I feel I must support the subamendment and the amendment criticizing the government's lack of action.

Now, Mr. Speaker, the central message of my hon. friend's first budget is a half-hearted apology to the Canadian people, as if this budget were saying to them: the opposition in parliament have done so much talking about a business decline and serious unemployment during the past several months that we have come to half believe it ourselves. Consequently we are making some

changes in our financial policy for the coming year to help meet whatever these foolish people on the other side seem to think is wrong. There is no evidence, however, in the minister's budget to indicate that the government has come to fully realize just exactly what the situation is, and how serious it is.

The provisions of the budget do represent some change from the government's position of a year ago or even six months ago, but it is not enough to be able yet to call it repentance. Repentance, in my judgment, involves restitution. I have searched carefully through my hon. friend's budget and I can find only an indication here and there of half-hearted restitution to those who have been caused serious loss and worry, perhaps even extended suffering, as a consequence of government policies that have been allowed to carry on much longer than they should have been. I do think that budgeting for a deficit is exactly what the economy needs at the present time to help it pull out of the slump, and perhaps help to stimulate a higher economic activity so that unemployment can be abolished. I am afraid I cannot agree with the hon. member for Greenwood (Mr. Macdonnell) on that point.

I must give the Minister of Finance credit for having recognized that necessity at least. I might say right here that when the minister recognizes the necessity of budgeting for a deficit now, he recognized the necessity of seeing to it that more purchasing power was left in the hands of the people so they could buy some of the goods that are available. It is not with his proposal to budget for a deficit that we quarrel. Our criticism is that the tax cuts he made were not well distributed, and they were not designed to give relief to all the people who deserve to have relief at this time. It is clear that the Minister of Finance knew, perhaps as a consequence of the talk of unemployment and business decline from this side of the house, that the economy did need some sort of a shot in the arm.

I have noticed that quite a number of newspapers in the country since April 5 have called the minister's budget a shot in the arm. Well, I dispute that very strongly. About the best anyone could possibly say in that regard is that the budget does provide a very mild hypodermic, but I am afraid it has nothing more than milk in it. I would say the minister realized he had to provide the economy with a balance wheel, but our criticism is that he failed to equip the balance wheel with the proper loads. The minister must realize, I think, that unless you keep a balance wheel well loaded with those very interesting little well placed weights on the rim it does not work smoothly, and it does not do the job it was designed to do. So it is with our economy. If you are going to provide it with a balance wheel you have to keep your balance wheel loaded. I shall talk about the the loads I have in mind just a little later.

Inasmuch as today is private members' day, Mr. Speaker, from five o'clock until six, may I ask you at this stage to call it five o'clock and I shall resume after the dinner hour.

Mr. Deputy Speaker: It being five o'clock, the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

SECOND READING

Bill No. 307, respecting the Fredericton & Grand Lake Coal & Railway Company. —Mr. Murphy (Westmorland).

SECOND READINGS—SENATE BILLS

Bill No. 308, for the relief of Isidore Tremblay.—Mr. Hunter.

Bill No. 309, for the relief of Doris Lydia Kimber Keller.—Mr. Hunter.

Bill No. 310, for the relief of Letitia MacDonald Lanz.—Mr. Hunter.

Bill No. 311, for the relief of Kurth Sauer. —Mr. Hunter.

Bill No. 312, for the relief of Marie Blanche Dionne Krysko.—Mr. Hunter.

Bill No. 313, for the relief of Edna Florence Helen Dawson Smith.—Mr. Hunter.

Bill No. 314, for the relief of Eldora Mary Mills Pope.—Mr. Hunter.

Bill No. 315, for the relief of Roberta Margaret Gilpin Chadsey.—Mr. Hunter.

Bill No. 316, for the relief of Anne Wahl Ryshpan.—Mr. Hunter.

Bill No. 317, for the relief of Marian Toba Wolfe Cohen.—Mr. Hunter.

Bill No. 318, for the relief of Bernice Elizabeth Lunan Day.—Mr. Hunter.

Bill No. 319, for the relief of Ross Harold Becker.—Mr. Hunter.

Bill No. 320, for the relief of Marie Anna Migneault Cloutier.—Mr. Hunter.

Bill No. 321, for the relief of Maria Camko Kowalew.—Mr. Hunter.

Bill No. 322, for the relief of Martin Yvon Blais.—Mr. Hunter.

Bill No. 323, for the relief of Margaret Moffatt Wilkie Johnson.—Mr. Hunter.

Bill No. 324, for the relief of Winnifred Herbert Chapman.—Mr. Hunter.

Bill No. 325, for the relief of Rocco Aldo Amaedeo Mastrocola.—Mr. Hunter.

Bill No. 326, for the relief of Marie Mae Seguin Le Moyne.—Mr. Hunter.

Bill No. 327, for the relief of Amy Joyce Markham King.—Mr. Hunter.

Bill No. 329, for the relief of Maureen Demers Kezber.—Mr. Hunter.

Bill No. 330, for the relief of Eva Levine Shapiro.—Mr. Hunter.

Bill No. 331, for the relief of Rejane Plamondon Levine.—Mr. Hunter.

Bill No. 332, for the relief of Marie Irma Marquette Lalonde.—Mr. Hunter.

Bill No. 333, for the relief of Marion Tannenbaum Rabow.—Mr. Hunter.

Bill No. 334, for the relief of Walter Williamson.—Mr. Hunter.

Bill No. 335, for the relief of Eileen Beatrice Sloan Douglas.—Mr. Hunter.

Bill No. 336, for the relief of Madelyn Jane Picard Gilbert.—Mr. Hunter.

Bill No. 337, for the relief of George James Marshall.—Mr. Hunter.

Bill No. 338, for the relief of Luigi Martellino, otherwise known as Louis Martellino.—Mr. Hunter.

Bill No. 339, for the relief of Bernice Balinsky Friedman.—Mr. Hunter.

Bill No. 340, for the relief of Rose Marie Lescarbeau Deschenes.—Mr. Hunter.

Bill No. 341, for the relief of Florence Aleatha Geraldine Hamilton Gardner.—Mr. Hunter.

Bill No. 342, for the relief of Mary Veronica Hamilton Campbell.—Mr. Hunter.

Bill No. 343, for the relief of Aba Awner.—Mr. Hunter.

Bill No. 344, for the relief of Grace Elizabeth Sinclair Peterkin.—Mr. Hunter.

Bill No. 345, for the relief of Sybil Lavine Markowitz.—Mr. Hunter.

Bill No. 346, for the relief of Gabriel Boisclair.—Mr. Hunter.

Bill No. 347, for the relief of Betty Weiner Schwartz.—Mr. Hunter.

Bill No. 348, for the relief of Lili Gourd Lajeunesse.—Mr. Hunter.

Mr. Deputy Speaker: The items on the order paper under private and public bills having been exhausted, the house will resume the business which was interrupted at five o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. Coldwell.

Mr. Low: It has been suggested that hon. members went through the business for private members' hour quickly in order to have the privilege of hearing my speech. I hardly believe that is true. However, we are very grateful that we can carry on without too much of a break.

I have mentioned already that we think the Minister of Finance did the right thing when he budgeted for a deficit this year. But the important thing for hon. members to keep in mind is the manner in which he intends to finance that deficit. If he is going to run the country into debt by the issuance of bonds, either to the general public or through the chartered banks of the country, then we feel that is wrong. We contend that in any action the circumstances call for this year, if the minister is going to budget for a deficit then he must be prepared to finance that deficit without running the country into a further burden.

He can do that, as we have pointed out time after time. But we say he has used the proper method in attempting to meet the situation, at least partially, this year. We do think if he had really intended to give the economy the shot in the arm, the effective one that the newspapers have talked about, he should have gone further than he did. A deficit of $160 million in a $25 billion economy is a pretty weak hypodermic any way you want to look at it. We think the minister could very well have gone as far as $300 or $400 million of a deficit with perfect safety this year at least, until Canada returned to a high level of economic activity.

There are good reasons for taking that attitude. The government is depending almost entirely upon tax reductions to pull Canada out of the business slump and to cure the serious unemployment problem. At least that is the way it looks to us, unless they bring in some rather substantial supplementary estimates in June providing for much greater government investment than any of us have seen or suspected thus far. And so, as I say, tax cuts of only $148 million in a $25 billion economy, under such circumstances as we now face, when business has been somewhat depressed and unemployment in various sections of our country is very serious, are entirely inadequate to meet the needs. That is one of the reasons we propose voting for the amendment and the subamendment.

We do congratulate the minister upon the tax cuts he did make. We think it was wise to reduce income tax rates. But the minister

must realize that when he confines his reductions to the rate structure only he leaves out a great many people who deserve consideration, because there are many thousands of people in Canada whose incomes are below the income tax exemptions. What has the budget done for them? What has the budget done for old age pensioners, for those who are on superannuation, for the veterans on pensions and the like? Perhaps the minister felt that it was impossible to make any substantial change in exemptions under the Income Tax Act. I am inclined to believe that it was better not to try to do it this year. But we do think it would have been much more effective as a budget if, in addition to the income tax reductions the minister made, he had provided for some cuts in the sales tax. That would have made it possible for people in lower income groups to have at least some relief, and would have spread the favours at least more evenly. That is exactly where the purchasing power is most needed, among those people in the lower income groups.

I think perhaps the most serious criticism I can offer of the whole budget is that the minister failed to make any reduction in sales tax. I say this for a number of very important reasons. In the first place I think I have already mentioned that with the reduction in income tax rates he will not help the people who are not in income tax brackets—and in this I include old age pensioners, recipients of war veterans allowances and of veterans pensions, low wage earners—of whom there are many thousands. The reduction in the sales tax would have made it possible for them to retain a bit more of their already too meagre purchasing power, so they could do their share toward buying the surplus of goods that has accumulated throughout the country, and at the same time of course increase their own enjoyment of life to a certain extent. That would have been considerably more like real justice to all parts of the Canadian population than has been brought about by the minister in his budget.

There is another important reason, too, why I think the minister should have brought in some reduction in the sales tax at this time. We have developed a high price economy which is making it much more difficult than before for Canada to compete successfully in world trade. Anything, I contend, that will help to adjust consumer prices downward would stimulate trade and help to move more of our surplus goods to foreign markets. A reduction of the sales tax would be one means of helping to bring down some consumer prices to that end. We think the minister and the government lost a golden opportunity right here and, as I say, in our judgment this is the most serious criticism we make of the financial proposals in the budget.

There were some slight excise tax cuts provided, but they were only slight, and they touched only a very restricted portion of the goods upon which the tax is imposed. We are glad to see the reductions, of course, the reduction from 15 per cent to 10 per cent in the excise tax on automobiles, and the abolition of the tax on truck and automobile tires no matter for what purpose they are used.

These are all to the good, and I am sure the Canadian people generally will welcome these tax reductions. But right here I do wish to voice serious criticism of the method the government has of handling some of these excise tax cuts. I think their method is quite unfair to retailers, such as automobile dealers. Taxes are payable at the factory, which means that when the automobile dealer takes cars from the factory into his storeroom or storage lot, he pays the tax before he can take them out. When the government announces in its budget, as it did on April 5, that there will be absolutely no refunds on taxes already paid at the factory on automobiles taken out by retailers, but remaining unsold, I say it is acting unfairly.

I remind the government that they have gotten into a very bad practice in the past number of years, namely the practice of making everybody but the government tax collectors for the government. Anyone might think the government would be rather grateful to have these people performing this gratuitous and difficult service. But how does the government show its gratitude? Well, in the case of automobile dealers, at least, they show it by dispensing a fairly substantial measure of unfairness and injustice, causing many of them serious loss.

I know of one dealer right in this city of Ottawa who had paid $8,000 in taxes at the factory in respect of cars he had already put into storage by budget day and that had remained unsold. But when the announcement of the tax cut was made he could expect no refund, and had to sell his cars in competition with other businesses in the city. Consequently he is suffering a considerable amount of injustice. I would think it would be possible for the government to find some means of preventing this kind of unfairness. I repeat that the method of handling the tax cut, particularly the cut in the excise tax, is very unfair to some of our retail dealers.

Since April 5, when the budget was brought down, there has been considerable discussion about whether Canada will be able to achieve

the $26 billion rate of gross national production this year. That was the aim set by the minister in his calculations. The official critic of the Progressive Conservative party has called the budget an excursion into unreality, I suppose because of the $26 billion figure as well as for some other reasons. Well, we should ask ourselves what chance the government has of achieving the $26 billion rate.

In the first place let me point out that we do have a great many unemployed in this country, and if the government will get busy and bring in policies designed to get them back to work they will contribute substantially toward the gross national production that we need to reach if we are to realize the plans in our present budget. Certainly by adopting policies which will put them back to work the government will have a better chance of realizing that $26 billion rate.

Another point to keep in mind is this. The minister has provided in the budget certain incentives to business to expand operations and to plow back into business more of the profits. Well, I agree with the need for providing those incentives. I think the minister was wise to make a reduction in the corporation income tax this year. Whether the 4 per cent reduction in corporation income tax will provide sufficient incentive to cause all-out production, I would not be able to say. And when I use the figure "4 per cent" I mean that the amount of the reduction will be 4 per cent of the present rate. I understand the reduction is from 49 per cent to 47 per cent, which would be about 4 per cent over all.

I am rather inclined to believe that this will not be enough. It will be some stimulus, but I do not think it will be enough. We have kept business generally in this country on a very high rate of income tax for a long time. Whenever you impose a burden of tax that takes from the corporations every year about half of their profits you leave them very little with which to carry on the necessary expansion and new development to keep pace with a growing economy—perhaps I had better say to give impetus to the economy, to make it grow; for it is entirely through private and corporation investment that our economy is expected to grow and expand.

I am not going to argue at this point that the amount of corporation income tax reduction was too small. I am inclined to believe that it could have been a bit more without any serious dislocation in the government's plan, and certainly something more than the 4 per cent would have produced considerably more incentive for expansion and development toward the $26 billion rate of gross national production which we hope to reach before the end of the year.

There is a third point to consider in this matter. If we get a good crop this year throughout the farming areas, and I sincerely hope we shall, then I believe we can reach the rate mentioned by the minister. But the greatest weakness of the budget, in my judgment, is its failure to provide adequate markets for our production. If we do reach the $26 billion rate of gross national production, what are we going to do with it? That is the big question. It seems to me that is the thing the government must face squarely sooner or later, and I suggest that now is the time to face it. What shall we do with all the production, if through incentive we spark an all-out effort and succeed in reaching the $26 billion rate of gross national production in 1955? I am not going to labour the point; I shall have something more to say about this matter of internal markets and balance wheels and loading the balance wheels just a little later on, but I do sincerely hope that we reach the objective that has been set by the minister.

The government has loaded its budget with a heavy burden of fixed charges which leaves it very little elasticity to meet the ups and downs of economic fluctuations. This fact increases the responsibility of the Minister of Finance and the government generally. It must eventually use more skill, managerial skill, than it ever used before in its history. It must become more conscious of the role which government must play in these times; otherwise, the fluctuations in the economy will become so violent as to make it impossible for the government to meet that burden of fixed charges without plunging the country into an impossible burden of public debt.

The minister said in his budget speech that two-thirds of all of the civil or non-defence expenditures provided in the budget were for public welfare, social security measures, for servicing the public debt and for paying provincial subsidies and tax rental payments. This does not leave very much elasticity, as I said, and it does impose the very heavy burden of fixed charges on everybody. With that in mind, it seems perfectly clear to me that the government in the future must pay very careful attention to ways and means of bringing our economy into equilibrium and keeping it there.

The government must come to realize that if they are to play their part, the part that government should play in this matter of

bringing and keeping the economy in a condition of equilibrium, the main problem will be that of adjusting purchasing power to production. I think that problem of adjusting purchasing power to production is our most important problem even today. That problem will become even more important tomorrow. I ask hon. members to think what it will be tomorrow with atomic power in industry, with electronics and industrial food production and all the other advances in farming and industry which we are only beginning to realize today. Under these new circumstances of the future the problem of the adjustment of purchasing power may become a matter of life or death for this civilization, rather than just the most important problem that we face. I impress that upon hon. members and recommend it to their study.

It is trite to say that we have solved the production problem which, Mr. Speaker, I point out was at one time by far the most difficult one, both as to toil and as to mental effort. The next step, in my judgment, is much easier. It can be summed up in a single sentence. It is a careful statistical survey and bookkeeping balance of currency and book entry money in relation to the value of production. That is putting it in a nutshell. When it is put that way it seems almost too trivial to deserve serious attention; yet it is of tremendous importance, because without it all the heroic efforts that have been made in the past to achieve our present status of industrial power in this and in some other countries of the world may prove to be of little benefit to mankind.

On the other hand, if we accomplish this balance or adjustment of purchasing power to production, both the national and the international situation will be well under way to effective and just solution. Nationally we shall be able to achieve all the material progress that would be technically possible so that we can continue our advance toward more freedom, harmony and happiness amongst our people. Increased leisure, increased community activity and cultural development will by and by add to our enjoyment and our sense of completeness. Internationally, we would be able to balance imports with exports and get rid of all that incitement of the past to export in excess of imports; to try to get a favourable balance of trade, in other words. This, as hon. members can readily see, will improve our relations with all other people.

As for our less fortunate nations, the ones we are talking about here in connection with the Colombo plan, we shall be able to wait until they can afford to pay in goods and services without embarrassment or hardship to ourselves in any way, because by using the Social Credit financial proposals the exports can be financed without hurting us in any way. I say the greatest problem that we have to face today is this problem of adjustment of purchasing power so that it is brought into equilibrium with our production.

But if the government are going even to begin to bring our economy into equilibrium in the light of all the facts I have mentioned, including specifically the very heavy burden of fixed charges we now have in the budget, there will have to be a change in their thinking; they will have to lay down for themselves and follow some very scientific ideas. I cannot take the time here to mention many of them, perhaps just one or two. I shall depend on my colleagues to follow up with a careful examination of some of the others which are of tremendous importance. However, for a few moments I should like to deal with one of those ideas which I think the government must attend to, and which I think is very pressing. It has been mentioned to some extent by both the speakers who preceded me today. I refer to ways and means of keeping farm cash income in balance with total factory salaries and wages, and along with that ways of making effective use of the total market that is possible within our country.

Some months ago I was attracted to a short pungent statement by Carl H. Wilken, who is a successful Iowa farmer and a specialist in economic research in the United States. He said:

> It is foolish to think we cannot have just as much prosperity in times of peace as in wartime. With the greatest productive system in the world, the American people ought to be smart enough to find out how to keep it working at its full rate. It can be done. All that is necessary is to make use of the total market that is possible in this country. The key to such a prosperity and the total market on which it depends is farm income.

This is the end of Mr. Wilken's quotation. I was attracted to it and I did some research work, gathering as many statistics as I possibly could from the dominion bureau of statistics and from other places, to see if it applied to our own country. In my judgment, we in Canada have neglected this key far too long. It is the key to the total use of our internal market. Farm cash income has been allowed to decline seriously, especially during the past year. This decline has been variously estimated at between $300 and $500 million. Second, farm income has not been able to play its important part in the total Canadian market. Our industrial output has had to be cut off in various lines and serious

unemployment has resulted, as has been discussed already at length in this house.

So there are good reasons why farm cash income holds what I call a key position in our Canadian economy. A look at the record will reveal this important fact. Under normal peacetime conditions the total national cash farm income runs at an almost exact level with total wages and salaries paid out by the factories of the country. The two hold to an approximate ratio of $1 of farm cash income to $1 of factory payrolls. During the long peace period from 1921 to 1938, whenever farm cash income declined for any reason, factory payrolls had to be adjusted downward to meet it; and when farm income rose factory salaries and wages rose in the same ratio. But there were always very serious shocks to the economy when factory payrolls did have to be adjusted downward to meet a reduced farm cash income.

This balance was upset soon after world war II broke out. Wage costs and industrial employment rose with the great demand for arms while farm prices were held down under price control policies. This landed us into 1944 with an abnormal situation, namely total factory salaries and wages of $2,209,621,370 and total farm income of $1,828,825,000. It will be seen that there was nearly $400,000,000 of a disparity.

Many economists had predicted that we would go into a depression by 1946 after the end of the war, but we did not. Several things prevented it, but none was more important than the restoration of the balance between farm cash income and factory wages and salaries. Farm income rose in 1946 by $150,000,000 to a total of $1,742,440,000; factory payrolls in that year totalled $1,740,000,000 in round figures, a reduction from 1945 of over $100,000,000 because the end of hostilities had cut back our war needs.

This provided a sound foundation for the period of general expansion which followed. The normal dollar for dollar ratio continued through 1947 and 1948. In 1950 farm cash income suffered a decline of $300,000,000 and unemployment was beginning to show itself when the Korean war broke out in the late spring of that year. As a result factory payrolls shot up to the highest levels in our history, reaching $2,771,267,000 for 1950 and $3,276,280,917 for 1951. Again we saw a period of unbalance. When we came to 1954 we saw a tapering off of defence spending, but because farm cash income sagged seriously there was no market in rural areas for the products of the factories; therefore unemployment appeared in very serious proportions. That was in 1954.

[Mr. Low.]

At the present time there is an unbalance between farm income and factory payrolls, and that I think is the most critical spot in our whole economy today. When the farmers of the country cannot buy the goods which are being made by the factories the only thing the factories can do is shut down temporarily and turn people out of work. This is a shock to the whole economy. We have to come to realize the vital importance, therefore, of farm cash income to industry and labour. I am convinced that for practical purposes the total dollar income of industry and labour is limited, if not completely determined, by the existing level of farm cash income. I think that is something worth studying by our economists here.

It should be borne in mind that the demand for factory goods that is created by farm cash income is not something that is limited to the farmers alone. An examination of all the facts will show that at least 50 per cent of Canada's total population live in small cities and towns and on land around those towns. Most of those towns and villages are really service centres between the factories and the farms, and they derive their support from farm income almost entirely. That farm cash income is distributed among the dealers and service people in those towns and small cities and villages, and it creates good business everywhere. Competent investigators have found that when a farm dollar starts its course from the farmer who receives it for his product it results in an average of approximately $1 in wages for the factory worker; and in addition—and this is the surprising thing—$7 in national income by the time it completes the full economic circuit that it makes through all the service centres of these towns and villages and small cities. That is a startling fact.

That may give you some idea why farm cash income is the key to the total market that we must have in our country for peacetime prosperity. I am convinced that we can have peacetime prosperity only with farm cash income levels in proper balance with manufactured goods, prices and factory wages. Otherwise we cannot have the total market that industry requires to operate at full capacity and thus to keep our people gainfully employed.

The government must come to realize this, too, and to understand that the key to the use of the total market within Canada is farm cash income. I point out here that the most important market that Canada has is its own people; fully 85 per cent of all that we produce is consumed by our own people. That is why we in the Social Credit movement have placed such emphasis upon the

proper use of the home market by urging the government to make certain that this market is constantly supplied with enough purchasing power to buy the goods that Canada produces if it wants them. That is what we mean when we speak of keeping our economy in a state of equilibrium. It should be possible for our people to buy our total production if they want it.

I think the government and businessmen and industrial leaders and the labourers of the country should be just as much concerned as are the farmers in making sure that farm prices and farm income are restored to a parity level as soon as possible. We all have a stake in how much the farmer is able to obtain for his efforts on the farm, because all of us depend upon that basic farm income for our own incomes. When I speak for the farmer, therefore, I am speaking also for the industrial people as well as for ourselves. I think this is the key to our economic situation in Canada. I think also that the general public should be correctly informed about this whole very important matter of farm cash income.

This brings me to my conclusion in connection with this criticism of the budget. As I said before, I think the greatest weakness of the budget is that it has failed to do anything for the farmer, and certainly has failed to take any steps whatsoever to bring the total of farm cash income once more into balance with total factory salaries and wages, something which is absolutely essential if we are to have peacetime prosperity.

We in this group are firm in our belief that the country and the government will have to adopt a well-conceived and comprehensive program of marketing and price supports for agriculture. The adoption of a proper price support program is the only way by which the total of farm cash income can be kept in fair equilibrium with the total of factory salaries and wages in Canada. I know there are many newspaper people and businessmen who today are expressing their opposition to the adoption of farm price supports, and they point to the experience of the United States as a horrible example to deter the Canadian people from going further in their demands for a program of this kind.

But I am going to say that I am convinced that the general public are not being properly informed about farm price supports and the kind of program that can be made to succeed. At the present time most of our people are being told only how much it costs to maintain farm price supports. Some newspapers in the country and other critics are pointing out that the cost would be too high. In my judgment the cost of agricultural support prices would be far less than the cost of widespread unemployment, and farm price supports would be effective in keeping a balance and equilibrium in our economy. I am convinced that some such price support program as was recently suggested by the Canadian Federation of Agriculture would be of tremendous help in doing the kind of job that must be done if we are to have this peacetime prosperity of which I have spoken on several occasions.

I think we should do everything we can to help our people understand what happens when farm income is kept at a reasonable level; that is, how it increases factory payrolls and opportunities for a higher standard of living for all Canadians. Let us sincerely hope that the Minister of Finance and the government will, in the next few months, make a thorough study of the possibilities in this proposal of a system of price supports for agriculture, and that they will soon thereafter—at least by the next budget—come prepared to lay before parliament a price support program that will do the kind of job that must be done if purchasing power is to be adjusted to equal our production. We know this system can help to do the job.

But I warn the government that they will have to have a change in thinking. Unless they pull those dollar signs off their eyes and begin to see the realities beneath the dollar signs they will never be able to adopt the kind of policies that will help us to make use of the total market available in this country. They will have to adopt some better financial proposals as well, and we recommend to them the proposals which Social Crediters have been making over the years as a means of bringing our economy into equilibrium and keeping it there.

Mr. Speaker, in closing I repeat that the adjustment of purchasing power to production is the most important problem facing the Canadian people today. It is the answer to the economic problem, and I say there is no question in our minds about that matter at the present time.

I should like to be able to deal with other phases of the budget but time will not permit me to do so. I should like to have said something about the royal commission. That is exactly the kind of thing we have been proposing for the last 15 years in this house. Certainly ever since I came here in 1945 my colleague the hon. member for Acadia (Mr. Quelch) and others have been pleading with the government to appoint a royal commission to examine into all phases of our economic activity and bring in proposals that

will help us to achieve the high standard of living that we can achieve in this great country, to make the wisest possible use of our economic possibilities, and particularly to keep our economy in a state of equilibrium. Some of my colleagues will have something to say about this matter in the course of the debate.

Mr. S. R. Balcom (Halifax): Mr. Speaker, we have heard, in this house and outside of it, a great many speeches about this great country of ours. We congratulate ourselves on our great size, our natural resources, our hydro power and other physical assets. But I suggest that our greatest asset is stable government. Great wealth is of little value to the world, and of not much satisfaction to ourselves, unless it is properly used. In his first budget the Minister of Finance has shown his acceptance of responsibility and has maintained the high tradition of courage and progressive action so vital to our continued growth.

At the outset I should like to commend the tariff changes contained in the budget which will be of benefit to our farmers. Of particular interest to Nova Scotia, where the poultry industry has grown by leaps and bounds, is the reduction or elimination of tariffs on poultry eviscerating equipment. Similar assistance is afforded to the fisheries in the reduction of duty on fish meal plant and fish cooking equipment. Also of interest is the elimination of duty on fishing vessels over 100 feet in length.

It would be even more satisfactory if, by action in this house, we could reduce the duty on our fish entering the United States market. That is, to be sure, something that is outside our power, but there is a problem on which action could be taken. I refer to the restriction on trawlers operating off the shores of Nova Scotia. By international agreement United States trawlers can come within three miles of the coast, but our Canadian trawlers must stay outside the 12-mile limit. The obvious solution is, perhaps, to change the law respecting Canadian trawlers, but there are several objections to this course. The government has recognized the interests of the inshore fishermen in the recently announced restriction on trawlers inside the famous St. Margarets bay. Furthermore, in the interests of conservation the 12-mile limit may be the more desirable.

Would it, Mr. Speaker, be possible to have this problem reviewed by the northwest Atlantic fisheries council? Its primary purpose is conservation, and it has had marked success in obtaining regulation of the fisheries off the New England coast. It may be that the United States industry would respond to a proposal from the council which was based on a sound conservation policy. Our objective might then be accomplished without furnishing ammunition for higher tariffs on our fish products entering the United States market.

Apart from tax and tariff matters, there is in the budget speech a great deal that is of importance to all Canadians. As a Nova Scotian I was most interested in the minister's remarks on dominion-provincial relations, particularly the references to the tax rental agreements. I find it rather difficult to become greatly concerned over whether or not we achieve formal reallocation of financial powers and responsibilities as between the dominion and the provinces for, as the minister has said, it is not easy to visualize an arrangement which will meet all future contingencies.

The division of powers and responsibilities established by the British North America Act was practical for many years after 1867. After the turn of the century the rapid geographic expansion and the industrial development, proceeding at vastly different rates in different areas, changed the face of this country, but our constitution remained as it was in 1867.

Then came the depression of the thirties, under the stress of which our federal system began cracking at the seams. As in the maritime provinces, the obvious weaknesses which appeared in the thirties were only the exaggerated symptoms of unhealthy conditions which had existed for a quarter of a century. They were only soothed, not cured, by subsidy arrangements such as, for example, the Maritime Freight Rates Act, and so on.

The tax rental approach, while not without disadvantages, has brought substantial benefits to all the people of Canada and the various provincial governments. That the proportionate advantage varies among the provinces goes without saying, for otherwise such agreements would be unnecessary. I want to illustrate my point with some figures.

The federal tax rental agreements provide varying proportions of the revenue of the provinces. These proportions ranged from 22 per cent for Alberta to 47 per cent for Manitoba in 1953. In that year the proportion for Nova Scotia was 39 per cent. In this comparison we therefore find ourselves in the upper brackets but the advantage, I fear, is illusory. Such a comparison does not take into account the number, variety, and cost of services which may vary from one province to another. It does indicate, however, the importance to our revenue picture

of the federal grants. The withdrawal of these funds would create serious problems in the provinces with a small tax base. In the event of a return to pre-war arrangements we in Nova Scotia would be faced with a prohibitive tax level or a reversion to inadequate or substandard services.

That is why I was so heartened by the tenor of the minister's remarks on this subject. Some members may disagree with the details or even the methods of approach, but I doubt if anyone would stand in his place and deny the validity of the objective of these agreements, which was stated so aptly by the minister on another occasion when he said:

> That objective is to make it financially possible for all the provinces, whatever their tax base, to perform their constitutional functions themselves, and to provide a reasonable level of provincial services without an abnormal burden of taxation.

I believe, and many Nova Scotians agree with me, that this objective can be attained without threatening our provincial autonomy. Indeed, this could easily become a meaningless shibboleth without some measure of redistribution of the wealth which has been accumulated in part at least on the basis of a national market. I am reminded here that "the law, in the majesty of its equality, forbids rich and poor alike to sleep on park benches."

My interest in the varying economic positions of the provinces is not confined to taxation problems. The announcement of the intention to appoint a royal commission to examine Canada's long-term economic problems is welcome. The outline of this proposal indicated a very broad approach, including a study of our productive capacities as well as our external markets. It will include an examination of our population growth in both its regional and age distribution aspects. In his speech the minister said, as found at page 2740 of *Hansard* of April 5:

> I am sure our provincial and municipal governments, our businessmen and producers, management and workers, would like to have comprehensive and carefully documented analyses of our various potentialities.

To that I say "hear, hear". I would add that I hope the regional analysis will not be confined to population studies but will extend to the relative economic positions of the various regions. Specifically, could the minister have the commission examine the possible value of having an agency of the federal government perform services for the Atlantic region similar to those provided by the Federal Reserve Bank in Boston for the New England states?

As I said before, we in the House of Commons should do more than work for the redistribution of national wealth through tax agreements. We must also work on the more positive line of reducing the economic gap between the provinces. The first step in such a procedure is to know just where we stand, and a thorough-going report on our economic prospects is just such a first step. I would go further, however, and say that a continuing scrutiny is necessary, particularly in the region where both chronic and short-term problems are the most serious.

Related to the general problem of dominion-provincial relations, Mr. Speaker, is the matter of federal grants to universities. I trust hon. members will bear with me, for they have heard me before, and others as well, urging a more equitable method of distributing these grants among the universities. I make no apology for raising this question again because I feel there has been ample time to correct the very obvious shortcomings of the present arrangement. With the permission of the house I shall quote the per student payment in each province provided for in the 1954-55 estimates. British Columbia receives per student $105.41; Manitoba, $99.26; New Brunswick, $122.59; Alberta, $157.57; Saskatchewan, $162.96; Ontario, $140.98; Prince Edward Island, $214.29; Newfoundland, $394.06, and Nova Scotia, $85.23.

The distribution of the money on the basis of population instead of at a per student rate has the effect of penalizing the province with the highest proportion of students in relation to population. The royal commission on national development in the arts, letters and sciences in recommending financial assistance stressed the importance of the universities in the life of Canada. Because their service is national in scope rather than regional, the commission recommended that the universities receive support from the federal treasury. In the light of this, would it not be more logical for the government to set a uniform national rate per student, irrespective of the location of the university, rather than the present system? In the post-war training of service personnel the Department of Veterans Affairs was able to administer such a scheme without any undue criticism of federal interference in university affairs.

An alternative suggestion is to deal with the professional schools separately and I think the suggestion merits immediate action. I am told that the conference of Canadian universities, in its brief to the commission, assumed that all universities doing the same kind of work would receive the same rate of assistance and proposed a per capita grant ranging from $150 to $200 per student registered in professional faculties, and a single

grant of $100 per student in other faculties. This was a recognition of the higher costs in particular faculties.

In Nova Scotia we have a university with professional faculties in medicine, dentistry and pharmacy serving the four Atlantic provinces. This means that much of our student body comes from the other Atlantic provinces as well as from farther afield, and of course we welcome them all to Nova Scotia. I think all members will agree that a single institution in these fields for that area is the most desirable set-up. Yet the concentration of students in these professional faculties at Dalhousie has the effect of reducing the financial assistance going to all universities in the province of Nova Scotia.

In this connection will you please note the following figures showing the cost of these professional faculties to the university. The proportion of the operating costs borne by student fee, not including capital charges, for arts and science is 44 per cent, for medicine 23 per cent and for dentistry 33 per cent. The balance has to come out of endowments, gifts or grants. It is true that we must recognize the differing outlooks among the components of our nation. I would be the last person to advocate the promotion of the mass mind or putting a premium on uniformity among our people. Let us accept the fact that we must be oversensitive as to provincial jurisdiction over education. But could we not separate financial assistance for professional training and put that on a per student basis? Then the assistance to the arts and science faculties, which are the heart of any university, would be distributed on a more equitable basis.

Before leaving this subject I should like to have it distinctly understood that we are not suggesting for a moment that the grants to other provinces be reduced. Students in all professional schools could be put on the same special per student rate. The grant for straight university education could then be on a per capita basis with more equitable results.

A tariff change which I feel sure will commend wide support is the elimination of duties on the articles and materials designed for the training of mentally retarded children. This is in line with the constructive policy of rehabilitation which is part of our program for assistance to the disabled. It is very gratifying that efforts are being made to round out that program. Now that allowances are being paid experience has shown some shortcomings, and I should like to urge that immediate consideration be given to the carrying out of the spirit of the act in a sympathetic and understanding fashion.

[Mr. Balcom.]

The Canadian Welfare Council, which appreciates the difficulty in administering and carrying out the provisions of Bill No. 462, made several essential suggestions in their brief to the Prime Minister in May, 1954. If more of these suggestions had been incorporated in our act I believe that we might not now have so many misunderstandings in the provinces. Unfortunately there are people thoughtless and cruel enough to take political advantage of the disabled and handicapped by telling the latter that they are entitled to full pension as disabled persons, at the same time knowing full well that such persons could not qualify under the act. Perhaps in many cases this was done through ignorance or inability to recognize the distinction between "disability" and "handicap".

Total disability can be determined on medical evidence and is so determined for war pensions and workmen's compensation. However, the handicap resulting from a disability is more difficult to ascertain. Total handicap is generally accepted as "unemployable", and unemployability is dependent on many factors such as physical and mental condition, personality, education and training. It is dependent in addition upon the economic and employment possibilities in the locality, plus the attitude of the public and the availability of rehabilitation services.

At this juncture I should like to point out to the minister that in Nova Scotia we have not the variety of jobs for disabled and handicapped persons that are so often readily available in industrial centres. Some applicants should, therefore, be considered eligible for the pension if suitable work is not available near at hand. A danger stressed in the Canadian Welfare Council brief was the fact that allowances for total or permanent disability, divorced from rehabilitation services, should be granted only when it is definitely proven a person cannot profit from rehabilitation.

Before leaving this subject, Mr. Speaker, I should like to respectfully and humbly suggest to the minister, a man who has a full understanding and appreciation of the dependent position of the disabled and untrained handicapped person, that after a full year of operation the act and regulations be given a complete overhauling. In the meantime I suggest, (1) that no applicant be turned down without being personally interviewed by the medical board; (2) that provision be made for an appeal from the finding of the medical board; this would give the applicant the same right as an applicant for old age assistance or a war veterans pension; (3) that consideration be given to classifying as permanently disabled those patients with arrested tuberculosis who, while living at

home and able to care for personal needs, are unable to perform any kind of work and are dependent on their family; (4) that paraplegics able to stand only with the help of braces or crutches be considered as qualifying for this pension.

These suggestions, and I have more, are given constructively in the hope that the disabled program may be broadened and that disability allowances will be made part of a comprehensive plan providing for the economic needs of all disabled persons, as recommended by the Canadian Welfare Council.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, it is my purpose tonight to outline in some detail how Stalin of Russia conquered China, Stalin and his friends in America. I began speaking on this subject on April 6. On that occasion I said President Roosevelt of the United States while at the Yalta conference in February of 1945 threw Chiang Kai-shek to the dogs by giving Stalin pre-eminent rights in Manchuria, the workshop of China, and in north China—

Mr. Speaker: Order. I am sorry to interrupt the hon. member. I suppose all I can do at this stage is appeal to him, because there is now pending on the order paper a motion to refer estimates to the standing committee on external affairs, and it is my understanding that the debate is to be resumed some time this week.

Mr. Harris: Thursday.

Mr. Speaker: I am informed it is to be resumed on Thursday of this week, and I understand the hon. member is to be the first speaker when the debate is resumed. At that time I assume he will debate external affairs. I would hope, and I am sure hon. members would agree with me, that now, when we have entered the budget debate during which, by practice, one may discuss all affairs pertaining to the government of the country, we might not have a debate on external affairs, and have another on Thursday on the same subject.

As I say, I cannot enforce any rule at this time. But it may be that if, upon resuming the debate on external affairs, the hon. member were to discuss at that time the same topic, he would be found guilty of breaking a rule which has to do with the repetition in another debate of arguments already used by him. So I think it must be quite clear, between the hon. member and myself, as to the exact position with regard to the discussion on external affairs.

We all know that a great share of our attention is directed toward the difficulties in Asia, and the situation as it affects Asia and the west. I believe the hon. member would agree that there could be only one speech on that subject. Perhaps with that in mind he would decide to direct his attention more specifically to matters connected with the budget, when speaking on this occasion. If he were to make his external affairs speech now, perhaps he would by-pass his opportunity to speak on external affairs when that debate is resumed on Thursday. I think the hon. member and I should have no difficulty in reaching an agreement on that point, because he is always very reasonable and I am sure would have no wish to take advantage of the rules.

Mr. Blackmore: Mr. Speaker, I have no desire to displease Your Honour or to fail to take the kindly and gentle hints which help us to get on the right track, without displaying too much harshness. But I would like to tell Your Honour that this particular subject is so big and requires such thorough study that there will be plenty of information to occupy all the time at my disposal tonight as well as the time I can use in the debate on external affairs, and a good deal more beyond that. Because, contrary to the ordinarily accepted idea concerning the fall of China, the whole story is almost exactly the opposite of what the Canadian people have been told. This has been brought about by the way in which news and information in America has been managed so as to produce false impressions.

Then another matter I wish to discuss is that of the strategic importance of Formosa which, at this moment, could mean the very existence of our race and all we hold dear. By the time I have finished discussing those two subjects I am sure all my time would be exhausted in this debate and in the debate on external affairs.

If Your Honour insists that I desist from discussing this matter further, then I bow to your ruling. But I may say that in the 19 years I have been here it has always been understood that a member could discuss anything he chose in the budget debate, and also in the debate in reply to the speech from the throne.

Mr. Speaker: First of all I wish to thank the hon. member for indicating his comprehension of the problem and of my position

in this instance. He is quite right when he says that in his many years here it has always been understood that one could discuss almost any subject in the budget debate. I do not want to change that now. But it may not have occurred very often in those 19 years the hon. member has been in the House of Commons that, concurrently with the budget debate, there has been an appointed debate on external affairs. It happens that at the moment there is listed on the order paper such a debate, and the announcement is that it is to be resumed on Thursday of this week.

The hon. member has said that he will take advantage of his opportunity to speak at that time. If the hon. member says that, because he needs more time, he is going to discuss that subject now and pursue it further on Thursday, would not his action defeat the purpose of standing order 37 which says that every hon. member is entitled to speak for 40 minutes on any one topic? Would it not also defeat the other rule as set out in standing order 43, which says that a member cannot speak twice to any question?

So there we are. The hon. member may speak for only 40 minutes, and he is not permitted to speak twice. I will tell the hon. member this, that in my view, although I do not wish to enforce it, because of the very fact that a debate on external affairs is already listed on the order paper I would be perfectly within the rules—certainly within the spirit of the rules—if I were to say that no debate on external affairs could take place in this budget debate until the debate on external affairs has been disposed of.

I would not wish to make that kind of ruling, and while the hon. member wishes to protect his position in the debate and keep it as wide as possible, perhaps he would not force the Chair to make a ruling which I would not like to make, which indeed I would be very reluctant to make at this time.

The hon. member has said that if I insist he will desist, and it would seem that he and I are in complete agreement. I welcome the fact that he has accepted my decision, even before it is rendered. I have to inform him that I do insist, and hope that, with good grace, he will desist.

Mr. Blackmore: Your Honour, the things I was going to say tonight are of the utmost importance to be said in Canada at the present time. I am going to leave it to Your Honour's responsibility, and I am going to leave the responsibility right on Your Honour's shoulders. I shall do just exactly what you say, but at the same time I feel very strongly that the information which I have all ready to give to the house is of the very first importance to this nation right now, especially in consideration of the fact that on March 24 the hon. member for Rosetown-Biggar (Mr. Coldwell) made a speech which was very injurious to the morale of Canada.

I am going to leave it to Your Honour. I shall go on with this subject on Thursday, realizing fully that it will be impossible to cover the material thoroughly. It is an easy enough matter for a person to tell a lie, for he can do it in half a minute, but to reveal that lie sometimes takes half a day and more.

Mr. Speaker: The speech the hon. member refers to was made by the hon. member for Rosetown-Biggar during the debate on external affairs, was it not?

Mr. Blackmore: That is right.

Mr. Speaker: Does the hon. member intend now to reply to the speech made in that debate in the confines of another debate?

Mr. Blackmore: That is correct.

Mr. Speaker: Then we are at cross-purposes here. The hon. member will recall no occasion when this has taken place. We are confronted with an overlapping of debates. It is an impossible situation. As I say, I hate to make a ruling, but I feel that at this moment I may be called upon to do so because the hon. member, after indicating that he would desist, does not seem quite prepared to do so.

I do not see how we can allow a debate on external affairs within this debate at this time when we all know that on Thursday we shall resume the debate on external affairs. As we all know, the hon. member will be taking the floor first on that occasion.

Mr. Knowles: Might I say a word on the point of order? I believe everyone knows that I am not likely to agree with the remarks which the hon. member for Lethbridge wishes to make. At the same time I feel that I must defend his rights if I believe they are under attack.

I think what Your Honour has most recently said is beyond question, namely that the hon. member for Lethbridge cannot in this debate attack a speech made by my leader, the hon. member for Rosetown-Biggar, which was made in another debate. On that point I do not think there can be any doubt, but I do feel a bit unhappy at Your Honour suggesting that because there is a debate on external affairs before the house on another motion, that rules out any debate on foreign affairs during the time the budget is before the house.

I feel that if the hon. member has a speech on external affairs that does not relate

specifically to speeches that were made in the other debate, he should not be denied the right to make that speech.

Mr. Byrne: What has it to do with the budget?

Mr. Knowles: Someone is asking, what has it to do with the budget? Not only is it traditional that the budget is a debate in which any matter can be discussed, but the reason for that tradition is that it is under the budget that money is raised for all sorts of affairs and some of that money, quite a good deal of it, is raised for external affairs, national defence and so on.

The only point I wish to make, Mr. Speaker, is one that perhaps I have already made. I have no objection to Your Honour ruling that the hon. member for Lethbridge must not in one debate refer to speeches made in another debate; but I believe careful thought should be given to the suggestion that there is any restriction on the subject matters that can be raised in a debate on the budget. After all, it is a pretty ancient and honourable tradition around here, and I do not wish to see it curtailed even for one who proposes to make remarks with which I will probably disagree. That, of course, is beside the point. What is at issue is that although members should not transgress the rules, they should nevertheless be given whatever rights and privileges the rules accord to them.

Mr. Speaker: I have been trying to find a citation in Beauchesne which says it is false to think that anything under the sun may be discussed during the budget debate. There is such a citation. I am trying to put my finger on it. After having made this general statement, the citation goes on to say that of course by usage for many years it has become so, that even after an amendment has been moved anything may be discussed. See citation 226, Beauchesne, third edition.

We have an amendment here that has nothing to do with the situation in China, and although by practice, even after an amendment is moved, hon. members have been allowed wide latitude in the discussion of the affairs of the country during the budget debate, do we not agree that it is merely a matter of common sense and looking at the spirit of our rules to the effect that members cannot speak twice on the same question?

Mr. Knowles: What is the same question, Mr. Speaker? Is it the subject matter or is it the motion?

Mr. Speaker: Well, the hon. member of course will agree that we cannot anticipate a debate which has been put on the order paper for consideration at a later date. There is on the order paper the resumption of a debate on external affairs. That is the question.

Mr. Knowles: He may speak only once to that motion.

Mr. Speaker: Yes. And of course at this moment, because of this general latitude which is given in a budget debate, there is the situation where a member says, "I need more than 40 minutes to develop my speech on external affairs; therefore, since I am given wide latitude on the budget I shall speak on external affairs, and then when the appointed debate on external affairs is resumed, I shall speak on it again, and if I have another chance I shall speak on it again." That has been the purport of the remarks of the hon. member for Lethbridge.

If the house wishes between now and Thursday to allow hon. members to speak on external affairs, if they wish to do so, when we resume the debate on external affairs they may speak again on external affairs only. If the latter debate is interrupted and we come back to the budget and have external affairs debated again, the latitude thus afforded certainly will not agree with the general principles of procedure to the effect that one should not duplicate arguments already used in other debates.

As I said, I do not want to rule on this because I wish to preserve what has been acquired by many years of tradition and custom, whereby hon. members have wide latitude in the discussion of the budget even after specific amendments have been moved. But I am pleading with the hon. member. What brought me to my feet was his last remark, in which he said he was going to reply to a speech made by an hon. member in a debate which is specifically known to be the debate on external affairs. If he wishes to do only that, that is another proposition.

As I said, on the other point I am not going to rule; but if the hon. member wishes to reply to the hon. member for Rosetown-Biggar I think he will have to wait until the debate on external affairs is resumed. There is a very good additional reason for that. The hon. member for Rosetown-Biggar does not happen to be here tonight. If it had been announced last evening that today we would proceed with the debate on external affairs he might be here expecting that some counter-arguments to his own speech might be presented; but as it is now, he does not expect external affairs to come up today, and it would be taking him by surprise. Would he reply to the hon. gentleman in

this debate, or would he reply to him if he had another opportunity when we resume the debate on external affairs? That does not seem to agree with our general practice.

I think I have said enough on this point, and I would ask the hon. member to co-operate.

Mr. Quelch: I presume that so long as the hon. member does not reply to the speech of the hon. member for Rosetown-Biggar he will be in order. I take it that we are not going to consider external affairs in a manner different from the manner in which we would consider any other department. Otherwise I can see a situation arising where an hon. member might want to discuss agriculture on the budget and also intend to speak on agriculture on the first item of the estimates of that department.

I am in that position myself; I want to discuss agriculture, and I should like to discuss it on the budget. I also intend to speak on agriculture on the first departmental item. You are now suggesting that in view of the fact that external affairs will be coming up shortly the hon. member should not speak on external affairs now and then again on Thursday. If that is so surely that would apply to every other department.

Mr. Speaker: It does not because the debate on external affairs is a specially prearranged debate. It is not a debate on the first item of the estimates of that department. The first item will come later before the committee of supply and at that time hon. members will be entitled to have a general discussion about external affairs and the estimates as studied by the committee on external affairs. But we are referring now to a specifically prearranged debate. Working through the usual channels hon. members agreed to have a debate on external affairs, and a certain date was set on which that debate was initiated. It is to that particular debate that I am referring, and not to any other debate to which the hon. member may be referring.

I do not remember an occasion when we had a budget debate during which an hon. member could speak about anything pertaining to the affairs of the country, and at the same time a specifically prearranged debate on a wide sector of our activities such as external affairs appearing on the order paper.

Mr. Knowles: There was a comparable situation earlier this session when we had the debate on the address in reply to the speech from the throne and the debate on the NATO protocol running concurrently. I recall that some hon. members who spoke in the debate on the address in reply spoke on the NATO matter.

[Mr. Speaker.]

Mr. Harris: Mr. Speaker, on the point of order, I think Your Honour is quite right that this debate should be limited in so far as it can be to budget matters. As you have recognized, however, almost unlimited scope is traditionally given in this debate.

It occurs to me that if the hon. member for Lethbridge desires to make more than a 40-minute speech, as he has stated he has in mind, one part of which would be by way of an answer to the hon. member for Rosetown-Biggar in connection with the external affairs debate, he might be running counter to the rules by pursuing that course tonight. I wonder if he would accept a suggestion from me that if he thinks this portion of his remarks ought to be made first rather than second, he postpone it until the debate on Thursday and then make his answer to the hon. member for Rosetown-Biggar. Then I think the house would agree that what has happened now would not stand in the way of his joining in the budget debate after that and continuing any remarks he might like to make with respect to external affairs.

Mr. Diefenbaker: Mr. Speaker, on the point of order, there would be nothing to prevent the hon. gentleman discussing external affairs during the budget debate, but I think a proper objection has been taken to his referring specifically to what was said by an hon. member in another debate. If the hon. member wishes to discuss external affairs he can do so, and the only restriction upon him would be that he cannot refer to what has been said in another debate during the present session.

Mr. Coldwell: That is too bad.

Mr. McIvor: Mr. Speaker, on the point of order, I think this time should not be taken from the time allowed to the hon. member for Lethbridge, and he should be permitted to start all over again.

Mr. Blackmore: Mr. Speaker, all these kind considerations on the part of hon. members are certainly appreciated and they make me think that probably I had better defer this part of my speech until the external affairs debate. The hon. member for Rosetown-Biggar has now come into the chamber, and I am giving him warning that I will have him in remembrance when external affairs come up again on Thursday.

I shall just change to another subject, and I really think I should have my full 40 minutes because I certainly have not used many minutes since eight o'clock.

I am glad in a way to speak on another matter tonight, because I had made a promise that on the first occasion available I would

deal with a question which was raised some time ago by the Minister of Mines and Technical Surveys (Mr. Prudham). Your Honour will remember that I said I was going to deal with the question of Alberta defaulting her bonds, and Your Honour suggested in your usual kindly way that I might defer that matter until some time later in order that the debate which was then in progress might be finished within the specified time. I agreed with you, and I think I shall use this opportunity to deal with the question raised by the Minister of Mines and Technical Surveys.

Mr. Coldwell: You cannot quote him.

Mr. Blackmore: I am in some difficulty about quoting.

Mr. Knowles: What debate was that in?

Mr. Blackmore: The speech from the throne. The Minister of Mines and Technical Surveys is reported on page 825 of *Hansard* of February 3, 1955, as having asked me why I did not tell the people about Alberta defaulting her bonds. I am not using his words, so the hon. member for Rosetown-Biggar can be at ease. Later on he again asked me why I did not tell why Alberta had defaulted her bonds. Again I am not using his words. I propose now to tell about Alberta's so-called defaulting of bonds.

I said on a previous occasion that Alberta had no alternative. Alberta did not default on her bonds, she was forced into default by a series of circumstances which I now intend to present to the house. In doing so I think I am perfectly in order in this budget debate.

Let us recall that as of March 31, 1936, Alberta owed $167,037,144 carrying an average interest rate of 4·95 per cent. The annual revenue which Alberta was able to gather was only $15,000,000, so about 49 cents out of every revenue dollar had to be used to pay interest on the debt. I think today anyone will realize that a province like Alberta would have serious difficulty giving anything like the services to which the people were entitled with just slightly more than half of $15,000,000, and at the same time pay the cost of government.

This provincial debt had been contracted during years of relative prosperity, considering the prices for goods which were then prevailing. That was when much of the debt was contracted, except what was contracted during the depression in respect of relief. As I say, it was contracted when prices were fairly good and there was a measure of prosperity.

Up to that time Alberta had been largely an agricultural community. Agricultural prices were very low when Social Credit came in. Let us get the picture clearly. In large measure the debt had been contracted while times were relatively good, we will say in the twenties and in the years preceding the twenties, from 1905 on. During that time prices were fairly high. Then prices went away down to an all-time low. Conditions were such that it was next to impossible for farmers to pay their taxes.

Under those circumstances the Social Credit government was called upon to service a debt which had been contracted at a time of high prices for agricultural products and to do so with revenues which were being collected from farmers when prices were very low. This is the first important thing for everybody to get straight who wishes to understand the defaulting on Alberta's debt, or at least the so-called defaulting.

The master question that had to be answered when William Aberhart took office in 1935 was this: Could the Alberta economy at that time, in the depression, carry $167 million of debt at an average interest rate of 4·95 per cent? Premier Aberhart seriously doubted that it could. Premier Aberhart therefore employed R. J. Magor of Montreal, the best expert he could learn of, to come to Edmonton to examine into every pertinent fact with regard to Alberta's economy, particularly having reference to the people's capacity to pay taxes and the government's consequent capacity to pay interest and at the same time provide its people with the reasonable minimum standard of services.

After a thorough study Mr. Magor presented a comprehensive report. I am glad that the hon. member for Peace River (Mr. Low) is here beside me. He was at that time in the legislature, and shortly thereafter, if not up to that time, had been charged with the responsibility of acting as provincial treasurer.

As I was saying, after a thoroughgoing study Mr. Magor submitted a comprehensive report in which he gave it as his opinion that Alberta simply could not pay 4·95 per cent on $167 million of debt. Let it be borne in mind that under the U.F.A. government which held office between 1921 and 1935 the province had incurred a debt of $10 million in the form of what were called Alberta savings certificates. An Alberta savings certificate was a demand promissory note bearing interest at 4 per cent.

So that people out in the country who may read this speech and who may not have the ability to comprehend that the members of this house would have, may I make this explanation. If a citizen had $100 and felt that he would like to put it on deposit at 4 per cent interest, he could go to the appropriate officials of the Alberta government,

turn in the $100 and obtain from the officials of Alberta a promise to pay, bearing interest at 4 per cent; that was a promise which the province agreed to make good on demand. In other words the individual could deposit his $100, obtain his certificate, leave his $100 there for six weeks, or six days, then go and demand his $100 and the province had to give him back his $100, no matter in what condition the province happened to find itself. Such was the Alberta savings certificate debt.

Hon. members will realize that with $10 million of indebtedness in the form of Alberta savings certificates, any provincial government whatsoever would have been in an extremely vulnerable position in case any considerable number of people holding these certificates should come and ask for their money at one time, especially if there was no reserve to take care of such a contingency. This is the first all-important thing to be borne in mind.

The next one is this. Let it be borne in mind that the inability to service these demand certificates had, on August 27, 1935, precipitated Alberta into the loss of her credit at least five days before the Social Credit party took office on September 3. All those who have any desire to be fair in appraising Alberta must bear this fact in mind. Considerable propaganda was circulated all over the country, much of it just downright lies, which purported to blame the Social Credit administration for the loss of Alberta's credit. It was all completely fallacious. The inability to service these savings certificates had caused the province to lose its credit, technically, five days before the Social Credit administration took office, although five days after the election. Let us remember that the election was on August 22, 1935, but the inability to service—

An hon. Member: Oh, oh.

Mr. Blackmore: Please get this exactly straight. The government was elected on August 22, 1935. Technically the U.F.A. government, which was still in office on August 27, had to default on these savings certificates. This was five days before the Social Credit government took office. So no blame could possibly be attached to the Social Credit government for the defaulting on Alberta's savings certificate debt.

The hon. member for Peace River reminds me that the previous government, that is the U.F.A. government, had left no reserve whatsoever. I do not want to be too harsh on the previous government. I have no particular complaint against the U.F.A. government which preceded the Social Credit government, because that government was obliged to take Alberta through the terrible depression years in which the costs of relief and other expenses were so great that they were forced into a tremendous increase of debt, a thing which they did not in any way desire to be forced into. However, those were the circumstances.

I think probably what I have already said is enough to show the Minister of Mines and Technical Surveys that, on the score of defaulting on Alberta's debt, he has an extremely poor case against Social Credit, and no honourable man would press that case. I hope he is honourable enough to go out all over the country and tell the absolute truth. Then everybody will be much happier.

Because of the things I have already mentioned, it was impossible for Alberta to borrow in the world's money markets. Just as soon as the province technically defaulted on August 27 it no longer could go into the world's markets and borrow money. This is an extremely important fact. But this one also is important. The U.F.A. government had been unable to borrow money on the world's markets since the early spring of 1935; it seems to me it was some time in April. Premier Reid, who was then acting premier of the province, came to Ottawa endeavouring to get $750,000—I can remember quite distinctly reading about it—and found himself unable to get a cent. This fact is extremely important. It indicates that the province of Alberta had been really forced into default months before the Social Credit government was elected or took office.

Unfortunately malicious, adverse propaganda all over North America had so poisoned people against Aberhart and Alberta that conditions had been rendered extraordinarily and most unjustly difficult. It is important for people who did not live through those days to know that there was an outburst of adverse comment and criticism all over the country closely resembling the kind of thing that has burst out against Chiang Kai-shek, and engineered by the selfsame people.

Political opposition to Social Credit made it impossible for Alberta to borrow from the federal government of Canada. The prime minister in those days, the late William Lyon Mackenzie King, before the election was quite enthusiastic in his remarks about hands off Alberta. But just as soon as he got in power he had hands on Alberta, restraining her in every move. In addition the Bank of Canada failed to come to the aid of the province, though shortly afterward they did recommend substantial help to both Manitoba and Saskatchewan.

I hope the Minister of Mines and Technical Surveys tells everybody about that. That is important. When a province like Alberta, no matter what the government is, goes to the Bank of Canada for assistance after she has done her part the very best she could and is denied assistance, it constitutes a scandal against the Bank of Canada. I wish the minister were here. However, I am sure he will read what I am saying and I hope his friends will point it out to him. I should like to ask him to tell the house some time what his solution for the problem would have been, what he would have done if he had been in Mr. Aberhart's position as premier of Alberta. And I hope he will take the trouble to document what he tells us so we shall have some evidence that he knows what he is talking about.

This was the situation. Premier Aberhart was positive that a rate of 4·95 per cent was too high and could not be borne. The bondholders and dealers in Toronto, Montreal and New York could not possibly understand the economic problem in Alberta. They could not see how it could be that if a farmer contracted a debt of $1,500, let us say, with wheat at $1.50 a bushel, and then when the time came to repay the debt found wheat was down to 25 cents a bushel, there would inevitably be reasons why the farmer could not pay the debt. It seemed impossible to make them understand that.

The bondholders hoped and believed that Premier Aberhart could and would be defeated in the 1940 election. They were not a bit desirous of being fair. But what did Aberhart do? He communicated with Alberta's bondholders asking them to refund Alberta's debt at a rate possible for Alberta to bear. In a general way he put the case to them much like this. Now, we know we owe you a good deal of money, but this administration does not owe it. In the legislature of Alberta there is not one single man who was there when the debt was contracted. They are not in any way to blame. We are desirous of being honourable with the bondholders, but it is simply idle for us to go on trying to pay an interest rate which we cannot pay, thereby accumulating more and more debt until we get to the point where you will lose everything you have invested in Alberta. We suggest that you be fair about this matter and agree to an interest rate we can carry. We will then pay the interest rate and we will pay off the bonds.

That was something like the proposition he offered them, but the bondholders paid little heed to Aberhart's request. The bondholders sent into Alberta a team of experts to study the situation and report. In this team the key man was Courtland Elliott. I do not wish to suggest anything against Courtland Elliott. As far as I know he is a very honourable and capable man. This team believed its findings had proved that Alberta could pay 5 per cent. The bondholders therefore sternly refused to refund Alberta's debt at a lower interest rate. Alberta then offered the bondholders one-half of the interest rate then carried by her bonds, pending further efforts to convince them that the cut was justified. The bondholders forthwith declared Alberta to be in default on her bonds.

Let me pause a minute to restate the situation so hon. members can understand just what happened. Alberta had been pointing out to the bondholders that she simply could not carry this heavy rate of interest, and finally she got to the point where she offered them one-half of the interest rate, whereupon they immediately declared her bonds in default. Probably when the Minister of Mines and Technical Surveys gets around to the subject he will justify the action of the bondholders in doing that, and will explain how in the world under circumstances like that he can honestly say that Alberta defaulted on her bonds.

It looks as though we are going to have the filthiest election in the history of Canada, judging by the way the Liberals are behaving in Alberta and British Columbia. I think, therefore, it is fitting that we should warn ourselves beforehand that there is not going to be very much honour on one side in the coming election. Let us get the facts straight, and I do hope there will be enough Liberals who will tell the truth about the whole matter so as to keep it from being misrepresented. I am giving them the opportunity to do so by putting the facts on the record, with the man who was provincial treasurer during those trying times, the hon. member for Peace River, sitting right beside me.

The Alberta government announced that the government itself had cut the interest rate by one-half on all outstanding bonds. That was not defaulting by any means. That was simply refusing to pay a heavy rate of interest in consideration of the fact that the prices of everything Alberta was producing and marketing had fallen to such a low level as to render it impossible for her to carry out her commitments previously made.

Let it be borne in mind that the fall in prices had resulted not from Alberta's action, but had resulted, if it resulted from anything, from the actions of men in Ottawa and in the United States who represented the very governments with which Alberta was dealing. We have gotten away from those

terrible times now and are able to look back, and we know that the depression with which we were struggling in 1935 was brought on directly by the United States of America and spread its devastating effect all over the world. Then we had bondholders in the United States of America and their friends in Canada blaming Alberta because she had been so sorely hit by a depression which was engineered and put into operation in the United States.

Now we come to what was to be done about this defaulting. If Alberta had left the situation just as it was without undertaking to do anything it would have been a different matter, but she was desirous of doing what was right. The hon. member for Peace River, then the provincial treasurer of Alberta, who is here to testify if I err in any way, in the spring of 1938 set about for the provincial government to recover Alberta's credit, and the province was behind him fully. He administered the treasurer's department for the provincial government with the utmost care, skill and economy. That was all he could do. He organized the government's financial affairs with the strictest wisdom. In fact, I think one of the greatest things he has ever done was that very job he did then.

He husbanded every dollar with the utmost frugality and used it with the utmost wisdom, dealing equitably with the Alberta savings certificates problem and with preparations for possible refunding. He put away a little bit here and there, at the same time trying to take care of those who were suffering, quite unintentionally, because they were unable to get the money they had lent the government in return for Alberta savings certificates. He paid off a part of the debt each year.

I hope the Liberal enthusiasts who go all over western Canada will remember to tell that Social Credit Alberta started to pay off the debt immediately. It was not because of oil that she started to pay off the debt. The large discoveries of oil did not occur until 1947. Alberta had made great progress in reducing her debt by that time, showing that she was getting herself on her feet and would have done so probably without the oil, although it would certainly have taken much longer.

The provincial treasurer then set out to visit the bondholders and others personally. He sought and obtained an appointment with the bondholders' protective council. It was adamant. It would not even listen to him, much to its disgrace. He then went to Ottawa and conferred with Dr. Clark, the deputy minister of finance, first to enlist Ottawa official's support in his refunding project, and second to ask that the dominion scale down the $8 million of treasury bills Alberta owed Ottawa. Either one of those things could have been done, but Dr. Clark was much more adamant.

He asked also that Alberta be given the royal commission's natural resources award, which would have amounted to over $10 million. This was a sum that was really coming to Alberta. It was compensation for the amount of money that Alberta had not been able to obtain during the many years Ottawa maintained control of and administered Alberta's resources. Ottawa controlled these resources from 1905, when Alberta became a province, until 1932 when they were finally handed over to Alberta.

Now, that $10 million could have been advanced to Alberta and would have enabled Alberta to deal completely with the savings certificate problem and, technically, to restore her credit. However, this $10 million was refused. He went to Montreal, Toronto, New York, Chicago and Los Angeles to confer with the bondholders and try to convince them that they should negotiate with Alberta. Among those he visited were the Kuhn, Loeb Company, Brown, Harriman and Company, the Mayflower Association, Wood, Gundy and Company, and Dominion Securities. Everywhere he found it almost impossible to make men believe—in most cases even to listen—that any Social Credit official could be sincere and honourable. This illustrates how far the lying propaganda had gone. He got nowhere.

An hon. Member: He is still there.

Mr. Blackmore: Very likely, but I would rather be in his position than in yours.

Finally he decided to talk with Courtland Elliott, the man who had assured the bondholders that Alberta could pay 5 per cent on her bonds. Mr. Low obtained an audience with that key man and prevailed upon Courtland Elliott to go over the various conclusions Mr. Elliott had arrived at which had satisfied him that Alberta could stand 5 per cent. He got Mr. Elliott to examine and talk over with him the evidence upon which Mr. Elliott had based his conclusions. They went into the details concerning the many elements that combine to make up Alberta's highly complex economy as they are set out in a very fine book called "The Case for Alberta" which Mr. Low was largely instrumental in having prepared in preparation for the Rowell-Sirois conference on dominion-provincial relations.

Gradually Courtland Elliott apparently came to see—it is impossible to tell exactly—that

probably certain things had been overlooked and it would be reasonable to review the whole situation in respect of the amount that Alberta could pay. At length he apparently saw that Alberta had a real case, one that any honest man must allow. Mr. Elliott became a supporter of Alberta's case, much to his credit. Apparently Mr. Low with Mr. Elliott's help convinced Mr. John Hope, a representative of Dominion Securities, and Dominion Securities moved in behind Alberta, much to its honour and credit. Wood, Gundy and Company followed, and those two Canadian companies brought the United States companies into understanding sympathy with Alberta's refunding program, which was finally accomplished on an average coupon rate of 2·78 per cent. Alberta's credit was restored, both at home and abroad.

Probably I have gone far enough and said all that the Minister of Mines and Technical Surveys desired me to say. There is much more that I could say, but I think probably I have said sufficient on this occasion concerning this matter, which is very important.

It is important for another reason, Mr. Speaker. Every member, except two, who sits in this house comes from some province. Each of those provinces is having great difficulty in dealing with its financial affairs. If there is any man in this house who thinks that is not the case, I suggest he obtain permission to attend the dominion-provincial conference which is to convene before very long, and he will very soon find out. There is not a province in this dominion that is not in a relatively vulnerable position financially.

An hon. Member: Ontario.

Mr. Blackmore: Ontario, too. I was here during the depression, and I heard sad tales about the way people were being treated in various Ontario cities and towns. They are beginning to suffer now in Ontario cities and towns. If the unemployment problem gets three times worse the strain that will be placed on Ontario will be unbearable, even with Ontario's wealth. Especially will this be so if the agricultural income referred to this afternoon by the hon. member for Peace River does not increase. Then the factories in Ontario will find themselves unable to sell enough of their goods to make their industries pay. They will be in serious difficulty.

Even if Ontario should not be in this difficulty, that is no reason why Saskatchewan, Newfoundland, Nova Scotia, New Brunswick and at least three-quarters of the provinces of this dominion might not be in an impossible position within a year. Let us bear that in mind. They will be in that position, not because of any measures taken by them but because of measures taken right here in Ottawa. No one is blaming the provinces today for the unemployment problem. The unemployment problem developing today is a result of the policies adopted right in Ottawa in this house. Let us bear that in mind. Remember that any province, put into a sufficient number of difficulties, ultimately will be forced to default its bonds or to put its people under circumstances which no civilized people ought to endure.

Now, Alberta was just one example. She was hit harder, and there were three or four reasons why she was hit harder. In the first place, Alberta paid a higher railway rate on everything she bought coming from the east than any other province in Canada. She paid more on goods she shipped east and west than any other province in Canada. In addition to that, Alberta was in the Palliser triangle and consequently she had to deal with droughts, seed grain relief and all that sort of thing. Only two other provinces had anything like that. Another thing was that when the land was given to the Hudson's Bay Company and the Canadian Pacific Railway, to compensate them for certain considerations in the west, that land was taken out of Alberta and Saskatchewan. It was taken in such a way that the population of Alberta has had to spread out over a wide area, making the costs of roads, schools and telephones greater than they should have been.

These were just a few of the difficulties under which Alberta laboured. I think probably I have said as much as is necessary at the present time. But I would just tell the Minister of Mines and Technical Surveys that any time he wants to enter into a further discussion of this matter, all he needs to do is let me know, and I shall be right here.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, I have listened to the budget speech this year as I have on many other occasions. One has to search his imagination in order to understand what the Minister of Finance (Mr. Harris) had in mind. The hon. member who replied this afternoon for the official opposition said that it confused him, and I am sure it has confused many people in this country.

It seems strange, after so many years of surpluses, so many years when we were told that we should not reduce taxation even though we were not spending as much as we were collecting, that now, at a time when we are spending more than we are collecting, we are told that we should collect less. This is not in keeping with the Scottish instincts of the Minister of Finance. It seems to me that in delivering this budget he either

had a subtle inclination to popularize himself throughout the country, or else he was copying what someone else had done; because it does not sound like him at all.

Coming from almost the same district in Ontario as the minister, and he and I having had to struggle during our lives for our very existence in that district, I cannot help thinking that he must have had some other idea in mind.

I do not know whether this is a cyclical budget or a sickening budget, or just what type of budget it is. Someone intimated this afternoon to the hon. member for Greenwood (Mr. Macdonnell) that it might be a cyclical budget. He spoke with that dry, Scottish humour of his; and those of you who do not like him, simply because you belong to the other side of politics, would do well to read his speech tomorrow, where he pointed out the inconsistencies of the Liberal party in the last number of years. I am sure if hon. members will read that speech they will realize that even the hon. member for Greenwood, with his enlightened mind, was still confused. He did mention, however, that it might have been a speech that was not intended to solve the economic problems of the country, but rather that it might have been one intended to solve the political problem of the Minister of Finance himself who, I see, shakes his head.

Mr. Harris: I have none.

Mr. Rowe: The hon. member for Prince Albert (Mr. Diefenbaker) interjected this afternoon that the minister might have been preaching for a call. Well, those of us who belonged to the old Methodist church used to listen to preachers who were preaching for calls. I remember my mother saying to me, "That fellow won't do. I heard him this afternoon, and I know he won't please the people around here". I said, "No, we had better not call him". When I listened to the sermon, the speech on the budget, I thought probably it was one of those calls. But when I looked at the Prime Minister he looked so healthy that I had to conclude that his seat is not vacant yet.

But let me say this, that if this budget does not serve that purpose then certainly it will serve no other. There are a lot of other eligibles over there, some of whom are young enough and some who are old enough, if they had been wise enough. But I doubt if there is one who can take the place of the man who is there now.

Mr. Harris: Hear, hear.

Mr. Rowe: No matter whether the Prime Minister stays there or not, I am satisfied there is a change coming. After being here for a number of years one has the feeling that he can sense things, and I can now hear rumblings in the mulberry bushes. I can hear discontent in the sidelines and by-lines across this country. I can hear them saying, "600,000 unemployed!".

Mr. McCann: It is the frogs you are listening to.

Mr. Rowe: You have been listening for the last ten years, and you should know. But you are so close to the bushes you cannot see the trees. I have noticed that those who are in the cabinet know least about what is going on out in the country.

Mr. McCann: Just sour grapes with you.

Mr. Rowe: And sour grapes with you, too, after the next election. I can tell you that.

Mr. McCann: That's what you have been saying for the last 20 years. For 20 years I have heard you saying that.

Mr. Rowe: I can tell you this, that if you would drive out one of these spring days and listen in the mulberry bushes of Renfrew county, you would find out something you have been ignoring about the textile plants in your riding, and the unemployed there.

Mr. McCann: There are not many.

Mr. Rowe: You say there are not many?

Mr. McCann: Just wait for a month or two and you will see where they are.

Mr. Rowe: If I had been a cabinet minister as long as you have, and—

Mr. McCann: Ask the hon. member for Greenwood how many went to hear him. There were only 18.

Mr. Rowe: You haven't even called a meeting for a while.

Mr. McCann: He had only 18 people there when he went up to address a meeting.

Mr. Rowe: You have not called a meeting for a while, either.

Mr. McCann: I have had lots of them, one of them only ten days ago, and there were 300 at it. Don't get into a racket with me, or you will get the worst of it.

Mr. Rowe: No, no, I am not at all afraid of getting the worst of it. I was here before you were, and I shall probably be here long after you are gone.

Mr. McCann: And you didn't get far, either.

Mr. Rowe: I know about the Renfrew county unemployed, whether you know it or not.

Mr. McCann: There are fewer unemployed in the Ottawa valley than in any other part of Canada.

Mr. Rowe: Go down and talk to the textile people and tell them that. What about the 8,000 unemployed in the cottons section of the textile industry alone?

Mr. McCann: That is not in my constituency.

Mr. Rowe: Oh, you don't care much about them, when they are in any other part of the country. But you are a minister for the whole country.

Mr. McCann: That is right.

Mr. Rowe: But you are just representing Renfrew. You must be getting nervous, if you are only representing one riding, and you are a minister for the whole of Canada.

Mr. McCann: Get on to the budget.

Mr. Rowe: Oh, yes, you want me to leave you now.

Mr. McCann: Oh, no.

Mr. Rowe: You want me to leave you.

Mr. McCann: I am delighted when you are with me.

Mr. Rowe: When you are getting the worst of it—

Mr. McCann: I shall never get the worst of it with you, boy.

Mr. Rowe: I never have yet.

Mr. McCann: I thought you had learned that by this time, surely.

Mr. Rowe: Let me say to my genial friend from Renfrew that a man can be here so long and he can get so smug that he does not even know how many are unemployed in Canada. I listened to you not long ago when you said there were very few unemployed in Canada. I listened to you, when I was making my speech in the debate on the speech from the throne, when you said I was exaggerating things when I said there would be 600,000 unemployed in March. By March there were 613,000 unemployed, and there are more unemployed today.

Mr. McCann: I didn't speak in the speech from the throne debate at all.

Mr. Rowe: No, you don't speak, you—

Mr. McCann: You said you heard me.

Mr. Fleming: You speak from your seat.

Mr. Rowe: You always show more brains in your seat than you do on your feet. You never rise to speak.

Mr. McCann: I will match them against yours—

Mr. Rowe: You just heckle.

Mr. McCann: I will match them against yours any time.

Mr. Rowe: Mr. Speaker, I have listened to Liberal apostles for the last 30 years in this house. They do not disturb me for a moment, Mr. Speaker. I say again you will hear it in Renfrew; you will hear it in Lanark, and you will hear it down through the Ottawa valley. You will hear it down in Cornwall and along the St. Lawrence valley. You will hear it in every industrial riding in Canada and in the agricultural ridings. You will hear the rumblings in the mulberry bushes. My friend the hon. member for Fort William (Mr. McIvor) has quite a few unemployed in his riding.

Mr. McIvor: On a point of order, there were 800 fewer unemployed in Fort William last week than there were a year ago. That is from a source that does not tell a lie.

Mr. Rowe: Yes, Mr. Speaker, but there were many unemployed last year and more expecting to go on strike this year. I tell the hon. member for Fort William that I know something about the Fort William district, and I shall have something to say to him a little later on. I am not going to enlarge upon that. If there are 800 fewer unemployed I am sure the hon. member can tell me that there are still several thousand unemployed at the head of the lakes, which is a small part of Canada.

My, how this government boasts. It boasts of a country with such resources that no similar number of people in the world has ever enjoyed. It boasts about the $300 million railroad into Labrador to bring out the iron ore in that district. It boasts of the Kitimat development and the development of the resources up there. It boasts of a prairie land that is richer than land which any other people in the world enjoy. It boasts that no other 14 million people in the world have ever had the resources that we have at hand. Yet it says in one small district there are 800 fewer unemployed now than there were, but several thousands are still unemployed. We now have more people unemployed than any other important country in the world.

Stop and think of it, Mr. Speaker. What is wrong? We have a government that has sat idly by. It has been in power so long that it has become sleepy at the switch. As this budget indicates and as the Minister of Finance suggests, now that we are spending more than we collect we are going to start to collect less. When we were spending less

than we collected, we collected more. Is it cyclical budgeting? I am not sure what the term is. If I were not in parliament I could give it a term.

The Minister of Finance laughs. He himself does not have a description for it. What is the plan of this government? They have no fiscal policy; they have no immigration policy; they have no financial policy. Why do we have a gunshot prescription along the line of reduction in taxes which means so little, as was exemplified by speakers who preceded me today? Is our development sound today? Ask the farmer. My hon. friend might ask the farmers of Renfrew county. Perhaps he has not met many of them for some time. He might ask them if they think the dairy industry is healthy; he might ask them if the poultry and egg industry is healthy; he might ask them if the beef cattle industry is healthy. There is nothing in this budget that will help the farmer.

I was amazed that the Minister of National Revenue would even venture to challenge the argument that the textile industry of this country is not in a healthy condition today. Surely no one who has worshipped at the shrine of the late Sir Wilfrid Laurier as he has, can now say that our textile industry is flourishing. The late Sir Wilfrid Laurier fashioned the policy of those who sit to your right, Mr. Speaker, a policy that half of them have never followed since because we have more mongrel stripes of fiscal policy across there than have ever been in one group since confederation. We have the hon. member for Waterloo North (Mr. Schneider) who is a higher protectionist than the highest protectionist on this side. We have some hon. gentlemen in the other corner in the house who are lower protectionists than the late Sir Wilfrid Laurier ever proposed to be, and we have those in the centre who do not say where they are going because they do not know. The ones on the left of Mr. Speaker have no fiscal policy whatsoever.

I wonder whether they ever pause to wonder, if it were not for the expenditure on defence, if it were not for the expenditure on expansion of industries that hope they will get a square deal in this country later on, what would happen to our development at the present time? Does the Minister of Finance not pause to realize that Canada with 14 million people imports more finished products representing the labour of foreign countries than the United States with 160 million people? We import more in actual dollars, not percentage-wise, than the United States. I would ask my hon. friend to take off that old dusty halo of free trade which is around his head and look the issues squarely in the eye and realize that if we are to expand industry we must find a home market in this country.

This budget, Mr. Speaker, proposes to reduce corporation taxes by some 2 per cent. That may help a little bit. I am one of those who believe that if you give corporations a chance they will give employment. If you increase depreciation, they will do their part. I do not agree with some of my friends to my immediate left. I am not sure at times where my friends to my extreme left are going. My friends to my immediate left suggest that all these things should be taken over by the government. I wonder who would be left to pay the taxes.

I am convinced, Mr. Speaker, that when you tax corporations you tax the shareholders of the corporations and you tax all along the line. You milk industry of most of the incentive that gives employment to greater numbers; therefore I am bound to agree with the Minister of Finance in his slight, modest gesture to encourage industry by reducing corporation taxes by 2 per cent. You are still taking almost half of everything the corporation makes. The Minister of Finance, or his colleagues, are criticizing industry for not running their business right. They say we need more efficiency in order to pay more wages. I do not know any machinery that needs more efficiency than the cabinet right there in the front row.

Independent of politics, Mr. Speaker, I would suggest that they employ—and I shall vote for it—an efficiency expert and pay him far more than any of the present cabinet is worth to show them the fallacy of some of their politics.

Mr. Harkness: He would recommend the dismissal of practically all of them.

Mr. Rowe: I think he would recommend the dismissal of about seven-eighths of them; in fact I would join him on at least half of them.

The present budget does not propose to do anything. The Minister of Finance said he did not intend to propose that. He said we did not have hard times, and that this year promises to be a good year.

An hon. Member: Hear, hear.

Mr. Rowe: My hon. friend says hear, hear. It is to be a good year. It is always a good year for the fellow sitting in the back row who has not much responsibility.

Mr. McIlraith: Some of the members on the front row have a great deal of responsibility.

Mr. Rowe: I do not know; I have never noticed the hon. member demonstrate an awful lot of responsibility around here.

Mr. McIlraith: I was looking at the front row.

Mr. Rowe: Who is it going to help? The minister did not reduce taxes to stimulate business, because business did not need stimulating. He did not reduce taxes because we were collecting more than we were spending. He reduced taxes because of a deficit. Without wanting to be facetious I could not help wondering why the reduction. He says that if we have $26 billion of income, if we sell all our wheat which has been grown this year and what we have not sold for the last two years, everything will be all right. If that does not happen, well it will still be all right. I am wondering if he expects to be minister of finance at that time. I would much rather see him promoted than demoted.

Mr. Knowles: Explain.

Mr. Rowe: I am afraid if I did the hon. member for Winnipeg North Centre might doubt my motives. I think if the hon. member wanted to please a lot of people he might have reduced the sales tax. I can remember the late Right Hon. William Lyon Mackenzie King almost weeping in this house when he ridiculed the Conservative party for putting on a 6 per cent sales tax. He said that it was the most iniquitous tax ever imposed on the people of any country. The poor pensioners, the war widows, the veterans and the crippled people would have to pay 6 per cent on everything they bought. He was going to remove it immediately; he threatened to remove it, but he got into power and added 2 per cent more, and we are now paying about 10 per cent. These apostles of economy now suggest that they have reduced the income tax for those who pay income tax, but the sales tax stays as it was.

It seems to me that is a strange type of procedure. If the Minister of Finance had said that things look a little dangerous, that there was a chance that the $26 billion revenue would be reduced to $22 billion; if he had said as he said in Montreal that taxes are too high—the minister shakes his head, indicating that he did not say that.

Mr. Harris: No.

Mr. Rowe: Misquoted again.

Mr. Harris: Pretty high, not too high.

Mr. Rowe: Why did you lower them if they are not too high? I think you said they were dangerously high.

Mr. Fraser (Peterborough): How high is pretty?

An hon. Member: How high is up?

Mr. Rowe: I do not want to reflect upon the press, but I must say that I have never seen so many misquoted people as those who make up the present cabinet. I would not want to embarrass the minister. Whether they were pretty high, too high or still high, I suggest to him that over long years we have suggested that they were very high and this year we find them reduced for a rather conspicuous lack of reason.

Mr. Harris: The hon. member should ask the hon. member for Greenwood, who heard me use those words in Montreal.

Mr. Rowe: He heard you use the words, but from what he said this afternoon I thought those were the words you used. That statement seems to be just as mysterious as the budget itself. I shall not enlarge on that further. I say again that the budget is a most difficult document to understand. After listening to the Minister of Finance I am convinced that this government has no definite and fixed policy. The Right Hon. William Lyon Mackenzie King, formerly prime minister of this country, stated in 1919 that they had what was more or less a chart. It was just like the chart you use when you go to sea. If there is a storm you forget the chart. He forgot it shortly after he was elected. He never followed the chart. The present government have not even a chart. They are drifting on the ebb and flow of good times.

For ten years this government have drifted on the crest of a prosperity which was more or less abnormal and unnatural. They have no policy with respect to fiscal matters; they have no fixed policy with respect to taxation; they have no fixed policy with reference to the development of our resources for our own people. I shall not go into that tonight in detail, but I say that no government since confederation has been so lucky. We are a people blessed with great resources, but the fact is that with 14 million people we sold more unfinished goods with less labour content in them than any other similar number of people in the world. Are we to remain more or less hewers of wood and drawers of water for other countries? I think it is time to stop, look and listen.

What we need in this country is a sound fiscal policy. We need a sound taxation policy. There is very little in this budget that means anything for the municipalities. Canada is a large country, and Canada needs transportation. Canada needs a four-lane highway from

east to west. Canada is especially adapted to co-operation between the provinces and the dominion. I can remember that election campaign when the billboards were filled with posters depicting the happy family of Liberalism. Never have the provinces in this dominion been more divided than they are today. Unity—how this party carried the olive branch of unity in one hand with the sword of division in the other. In order to keep in power during the last 25 years they were ready to see one province build a highway to the border of the next province.

What have you done? You have robbed the provinces and you have robbed the municipalities. You have taxed the people; you have taken a greater percentage from the people in taxation than any other government since confederation. You have done the least for the provinces of any government since confederation, in the light of our development. We should have had a trans-Canada highway as part of our transportation system.

I can well recall when we were discussing the deepening of the St. Lawrence waterway which is now being undertaken. I compliment the government on doing it at long last. The deepening of the St. Lawrence waterway and the development of power on that great system will provide one of the greatest inland water systems in the world. I well remember when I was the leader of the Progressive Conservative party in Ontario in 1936 and suggested that we should do everything we could to bring about the deepening of the St. Lawrence waterway. I remember some of my hon. friends who sit to your right, and some who are not here today, saying that was childish prattle, that we would never need to deepen the St. Lawrence waterway. They are now the champions of the deepening of the St. Lawrence waterway. How they have climbed on the bandwagon.

The hon. member for Spadina (Mr. Croll) will remember when they said I was talking childish prattle when I suggested that we needed the St. Lawrence development. As the comedian said, that was a few years ago. We now see some of these hon. gentlemen championing great causes to which they were opposed just a few years ago. My opposition at that time said that we would never need power from the St. Lawrence. They figured that we could get power just like you would buy buns off a shelf. Rather than talk about the deepening of the St. Lawrence waterway—

Some hon. Members: Oh, oh.

Mr. Rowe: I certainly can get better advice back here than I will ever get over there; don't worry about that.

Mr. Winters: Start on a new subject.

Mr. Rowe: Yes, Mr. Speaker, what a difference a few years make.

Mr. Winters: Is that the new subject?

Mr. Rowe: My hon. friend from Winnipeg laughs. He did not even belong to your party in those days. He was just of neuter gender politically at that time. He was a coalitionist. I am glad he has graduated even into Liberalism. But even that is the next nearest thing to neuter gender in Canadian politics today. On no issue has the Liberal party had a policy. On the St. Lawrence waterway the Liberal party had no policy, and I say that advisedly.

Mr. Fulton: They have not changed over the years.

Mr. Rowe: Mr. Speaker, I do not know now why they boast so much about what they are doing. However, I compliment the government today on being at last shoved into a position by the policies of those in our party and by the pressure of the public generally, where they have at least given their O.K. for the development of the great St. Lawrence waterway. I believe the great St. Lawrence waterway, the greatest inland water route in the world, will be the greatest boon to Canada to happen since confederation. I think the development of power in that district, along with the power that will be developed in the extreme west and the extreme east, will mean a great deal to our future development. I think the transportation of iron ore from Labrador to the inland sections of Ontario, and the transportation in connection with trade and commerce generally through the great St. Lawrence waterway system when it is completed, will be looked upon in the next 25 years as one of the greatest steps in the development of the world.

An hon. Member: A good policy.

Mr. Rowe: Yes, a good policy; and your party opposed that policy when we were suggesting it. But, Mr. Speaker, I am also one of those who believe that this country has a great future. I am not at all depressed. All these passing phases in our history are just like shadows at night. The government who sit to your right, Mr. Speaker, have been in power for a long time. Now that they are rapidly, conspicuously and awkwardly approaching the twilight of their career, I can see that this country shall go on. It has been very strong to endure even the weaknesses of the policies they have enunciated. They may laugh but had they not had the advantage of fortunate circumstances in

the world the policies they have enunciated or their lack of policies would have caught up with them long before this time.

They are now catching up with them. Just the other day I was wondering how the present government could endure another Easter holiday, in view of the statements that have been made by the Minister of Finance and by the Minister of Citizenship and Immigration. Usually when you see a government starting to fall to pieces the leading lights of that government start to make mistakes, and they make clumsy statements.

I am one of those who believe that we need in Canada many millions more people. I have a keen regard for those men and women who come to this country and who are ready to work. The great Professor Einstein, who died the other day, had a formula involving X, A and B, where X meant one thing, B another and A was work. We need people who are not afraid of work. There is dignity in work, in hard labour.

There are not many members of this house who, one way or another, have not done some hard labour. In fact most members did some hard labour to get here at all, to say nothing of what they have done on the farms or in other places. I think I was happier in the hayfield than I was in election campaigns, as far as work was concerned.

Mr. Speaker, I have great regard for these new Canadians. I have great regard for these men who come from all parts of the world, these Czechoslovaks, these Hungarians, these Polish people, these German people. I have great regard for all these people who have come to this country because they saw here the greatest heritage that has ever been enjoyed by any similar number of people. I feel sympathetic toward the Minister of Citizenship and Immigration with regard to the remark he made. It probably was a slip of the tongue. I always feel sympathetic towards young men. As you know, Mr. Speaker, and as my hon. friend points out, some men are born to greatness, some achieve greatness and some have greatness thrust upon them. But after you have greatness thrust upon you, you sometimes get confused as to whether you were born to it or whether you achieved it.

As I say, I have great sympathy for the minister. I have made mistakes, and many of them, in the past; most of my friends over on this side have done so also. I would not want to be too critical of the hon. member for Bonavista-Twillingate (Mr. Pickersgill). I realize that this is his first experience in the cabinet. I hope it is not his last. But, Mr. Speaker, I could not help thinking about what happened when he travelled out to the west. He is one who with his colleagues had been so zealous to make sure that we dispensed with the word "royal" in the royal mail and with the word "dominion" and everything that had the slightest reference to the British connection.

As he rode out to western Canada in a private car called the "Dominion of Canada" car, I could not help wondering. I was rather proud of the fact that he still used the word "dominion" even though his colleagues did not like that word. They did not like the word "dominion"; they did not like the word "royal". They did not like even the Canadian train to be called the "Royal Canadian". They would rather have it just "Canadian", whether it is any faster or slower. They do not like these things. I was therefore glad that the Minister of Citizenship and Immigration still clung to the word "dominion" and had it on the side of his private car. I was glad he had it called the "Dominion of Canada" car.

But despite his zealousness to preserve the name "dominion" I wondered if, when he made his famous speech out there, he had in mind the children of the hon. member for Coast-Capilano (Mr. Sinclair). I know the hon. member for Coast-Capilano has lovely children. I saw those little girls. If ever I was charged with anything it would be for kidnapping such beautiful little children. My grandchildren are like them, although they are not any better looking than are the children of the Minister of Fisheries. I am a great lover of children myself; I could adopt any number of them.

Mr. Fulton: But you have not a private car.

Mr. Rowe: No, but if I could get enough children I would buy a private car. I am extremely fond of children. I am glad to see these young cabinet ministers so proud of their children that they think they are better than any other children, or better than children born any place else. There is nothing like local pride. I know my wife often says to me, "Oh, stop talking about your grandchildren; other people also have grandchildren". I know how the Minister of Citizenship and Immigration and the Minister of Fisheries feel about the matter.

After seeing these children I can understand how they could say there are no other children like them. I can appreciate that they are some of Canada's best. But, Mr. Speaker, I sometimes wonder whether the minister made that statement because the Minister of Trade and Commerce has gone to Australia and is far away. In view of his record since, I think the Hon. C. D. Howe—

Mr. Winters: Right honourable.

Mr. Rowe: Right Hon. C. D. Howe; thank you. In view of his record he must have been a lively looking baby at one time, but still he was not born in Canada. I wonder whether it is because he is away in Australia that the Minister of Citizenship and Immigration thought it was fair to take a sideswipe at him and say that if he had been born in Canada he would have made a better minister of trade and commerce. If he had been born in Canada he would probably never have said, "What's a million?" If he had been born in Canada he would never have had that American recklessness, and he might have been a much better minister altogether.

Then I wonder whether the Minister of Citizenship and Immigration forgot Sir John A. Macdonald, the greatest statesman Canada has ever had, bar none. Next to him is the Right Hon. Sir Wilfrid Laurier, and away down the line are some of these satellites. But if Sir John A. Macdonald had been born in Canada what a great man he would have been. An Irishman once said that he was born in Ireland but he could have been born in Canada if he had liked. I think it was too bad Sir John A. Macdonald was not born in Canada. Even those who sit to your right, Mr. Speaker, would have thought more of him than they have demonstrated in their memories of everybody else but him.

Then there is the late Hon. Humphrey Mitchell. He was quite a character and quite a good man. I had a very warm affection for Humphrey Mitchell, as did many people in the house. I knew him very well for many years, and had much to do with him on labour matters. He was a most delightful man, but poor Humphrey would have felt very badly if he had thought there would be any reflection on him because he was not born in Canada, especially from one of his colleagues. Then I think of the hon. member for Rosetown-Biggar (Mr. Coldwell).

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but I am obliged to advise him that his time has expired.

Some hon. Members: Go ahead.

Mr. Deputy Speaker: Has the hon. member unanimous consent to proceed?

Some hon. Members: Sure.

Mr. Rowe: Mr. Speaker, I am not going to take much more time of the house.

Mr. Garson: The hon. member may score a goal in overtime.

Mr. Rowe: Well, if I have not scored a goal by now I had better not go on.

Mr. McCann: We will take out the goaler.

[Mr. Winters.]

Mr. Rowe: It is sometimes difficult to score a goal if the referees are not watching. I remember that in the old Methodist church they used to say there were not many souls saved after 20 minutes. I have never saved many Liberals in the house after 25 minutes, so I do not know whether I should go on. However, even though I do not agree with the philosophy of the hon. member for Rosetown-Biggar and everything he says, I think it is generally agreed he is one of the outstanding debaters in the house, but unfortunately he was not born in Canada and has to bear the brunt of it. Then there is the hon. member for Niagara Falls (Mr. Houck). Unfortunately he happens to have been born in Buffalo. The Minister of Fisheries (Mr. Sinclair) was not born in Canada either. My dear friend who interrupted me earlier, the hon. member for Fort William (Mr. McIvor), was born in Ireland, and it is obvious he was born there. Then I find that I was not born in Canada.

Mr. Winters: That is the reason for the speech.

Mr. Rowe: As I have gone down the corridors and met my friend the Minister of Citizenship and Immigration, whom I have known unparliamentarily for some time as Jack Pickersgill, I have often wondered why he has not been more friendly to me. I thought it was because I was a Conservative but now I find it was because I was born at Hull, Iowa, in the United States. I cannot help that now, at this late date. I cannot help thinking, as a further example of his thoughtless expressions probably arising from his inexperience and exuberance, of another quite prominent debater and wondering whether he forgot him. I have listened to this hon. member often in the house and have come to admire him. I refer to the hon. member for Winnipeg North Centre (Mr. Knowles), who was not born in this country either. He must have felt the minister's statement very keenly.

Indeed, Hon. Alexander Mackenzie, one of the first prime ministers of Canada, was not born in Canada either, and he was a prominent Liberal. I believe Hon. George Brown was born outside of Canada, as was the late Right Hon. D'Arcy McGee. If D'Arcy McGee were here and in his usual form he would describe in a much better way than I can what the minister's statement means so far as making two classes of citizens in the dominion is concerned.

Then I sometimes wonder if the Minister of Citizenship and Immigration realizes that

he represents the constituency of Bonavista-Twillingate. I have not been in that section of the country—

An hon. Member: Neither has he.

Mr. Rowe: —but he has not been there very much either. I wonder whether he realizes that none of the electors who elected him to parliament were born in Canada. He must have more affection for children than I have, because evidently the only people he really loves in Bonavista-Twillingate are the babies. All those who elected him were born before Newfoundland was a part of Canada at all. I could not help thinking of that song, "Oh, What a Beautiful Baby".

Mr. McCann: Sing it.

Mr. Rowe: He may have been a beautiful baby but, baby, look at him now. I wondered whether the Minister of Citizenship and Immigration realized he was not contributing very much to the development of this country by distinguishing these babies as he has. I have imposed on the hospitality of the house for five minutes and there are a lot of other things I should like to say.

Mr. Winters: Go ahead.

Mr. Rowe: But I always feel—

Mr. Winters: You will not have a more appreciative audience.

Mr. McCann: We will give you until ten o'clock to score.

Mr. Rowe: It is the first thing you ever gave me.

An hon. Member: He is better at taking things away.

Mr. McCann: There may be other opportunities.

Mr. Rowe: You have taken quite a bit from me at different times. I always feel it is not good sportsmanship to impose upon the hospitality of the house when one is given extra time. I think it would be particularly unethical and not showing courtesy to my colleagues on both sides of the house if I were to proceed to say the things I should like to say, because the things I should like to say and should say would not be as unanimously accepted as the extension of time to which you so generously agreed. So I thank you, Mr. Speaker, for the time you have given me.

On motion of Mr. Zaplitny the debate was adjourned.

On motion of Mr. Harris the house adjourned at 9.54 p.m.

HOUSE OF COMMONS

Wednesday, April 20, 1955

The house met at 2.30 p.m.

PRIVILEGE

MR. COLDWELL—LETTER FROM CANADIAN PACIFIC RAILWAY RESPECTING NEW TRAIN AND ISSUANCE OF PASSES THEREFOR

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I rise on a question of privilege which I think affects the privileges of all members of the house and the members of the other place. There has been placed on my desk a copy of a letter to the Clerk of the House from the Canadian Pacific Railway which I should like to read. It is dated April 15, 1955, and is as follows:

Dear Mr. Raymond:

As you know, Canadian Pacific on April 24 next will, through the Canadian, trains 1, 2, 11 and 12, inaugurate a new standard of passenger transportation in Canada. The reception of this new endeavour of Canadian Pacific by the travelling public has been most gratifying and advance reservations indicate that the demand will often exceed the space available.

In light of the large investment of the company in the new equipment and the demand for space, it has been decided that where possible the Canadian will be used exclusively for revenue passengers. Restrictions are being placed on all passes issued by Canadian Pacific.

Under section 351 of the Railway Act, the company is required to honour free transportation issued by you pursuant to that section on any trains of the company. Canadian Pacific cannot, therefore, restrict free transportation issued to senators, members of the House of Commons and members and staff of the board. We would, therefore, ask your co-operation in bringing to the attention of all to whom you issue free transportation certificates the necessity as far as possible of ensuring that the train be made available for revenue passengers. This co-operation by members of the Senate, House of Commons and by the board will not impose too great an inconvenience in that the present transcontinental train, the Dominion, which is designated Nos. 7 and 8, will continue to operate on a high standard of service providing an opportunity for a comfortable and enjoyable journey across Canada.

Sincerely yours,
N. R. Crump,
Vice-President.

I raise this as a question of privilege, Mr. Speaker, because the Railway Act is quite clear. The Canadian Pacific Railway, in common with other railways, receives certain concessions from parliament, and to send a letter of this description to the Clerk of the House of Commons to be conveyed to members of the house is in effect an attempt to infringe upon the right which we have under the Railway Act. I respectfully suggest that the Clerk should ignore the contents of the letter.

MRS. FAIRCLOUGH—REFERENCE TO STATISTICAL INFORMATION RELEASED TO THE PRESS

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, on a question of privilege, in the newspapers today there appears certain statistical information with reference to the employment situation in Canada which is released jointly by the Department of Labour and the dominion bureau of statistics. These releases come out each month and those members of the house who have indicated their desire to have the information usually receive it in due course. It seems to me, Mr. Speaker, that surely such releases could be put in the hands of members of parliament at the same time that they are released to the press. Right up to this present hour I have not received this information which I feel I have a right to have as a member of the house. The matter has been referred to and is now a topic of comment, but up to the present time I have not received a copy of the release. I feel that every member of the house who has signified that he or she wishes to receive this information should have it at the same time that members of the press gallery are given copies.

LABOUR CONDITIONS

SETTLEMENT OF STRIKE OF GRAIN HANDLERS AT LAKEHEAD

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I am pleased to inform the house that a settlement of the dispute affecting terminal elevator employees at the lakehead was reached this morning. I know that our news service is so efficient that this information has reached hon. members before now, but I think in closing this matter I should place upon the record the terms of the settlement.

The terms tentatively agreed upon yesterday in the negotiations between the parties conducted before the industrial inquiry commissioner, Mr. Eric Taylor, who was appointed by my department last week, were approved by the members of the brotherhood at a meeting held this morning. The terms of settlement are as follows:

Period of Contract: January 1, 1954, to December 31, 1956.

Labour Conditions

Wages: Effective January 1, 1954, 5 cents per hour additional.

Effective October 1, 1954, 3 cents per hour additional.

Effective January 1, 1955, 2 cents per hour additional.

Effective January 1, 1956, 2 cents per hour additional.

Statutory Holidays: Two extra days with pay if not worked, making a total of eight such holidays in the calendar year.

Health and Welfare: Blue Cross medical plan on a 50-50 basis, effective May 1, 1955. The monthly contribution by the employers to this fund is $3.50 and the same amount by the employees.

The new contract will contain the following additional provisions: (a) a provision setting out the rights of management; (b) a provision prohibiting strikes or lockouts during the period of the contract; (c) a provision for a more modern procedure with respect to the settlement of grievances; (d) a provision defining probationary employment.

I should like to express appreciation for the sensible and sincere manner in which, in the last 48 hours, the two parties to the dispute have dealt with this matter, resulting in this settlement, which enables the movement of a particularly sensitive product of Canada at this time. I also wish to pay tribute to the mediator and to the senior officials of my own department for their work in connection with the case.

Mr. Daniel McIvor (Fort William): Mr. Speaker, on a question of privilege, on behalf of the people of the lakehead we wish to thank the minister for the speed—

Some hon. Members: Order.

Mr. McIvor: —with which he appointed the mediator, Mr. Taylor, and for a job well done.

[*Later:*]

REPORTED UNEMPLOYMENT CONDITION AT SEVEN ISLANDS, QUEBEC

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, on Monday, the hon. member for York South (Mr. Noseworthy) asked me a question regarding the assembly of new Canadians who are unemployed at Seven Islands, Quebec. At that time I gave him an immediate reply based upon my memory of a tentative report we then had. I should like now to make some correction in the reply I gave on that date. I am particularly speaking of this matter again in view of a dispatch which appeared in this morning's *Gazette*.

[Mr. Gregg.]

Since seeing that dispatch I have asked our director of employment to get in touch with the situation directly and immediately, and this is his report to me at noon today. He says:

> I got in touch with Mr. Simard, local office manager, unemployment insurance commission, by telephone.
>
> Following our investigations last week he made a thorough study of the situation and he reported to me there are 448 unemployed people registered in his office. Of this number, 120 are designated by him personally as immigrants.

That is the special correction I wish to make with regard to my own statement. I said the other day that it was 80, as it appeared to me to be at that time. He goes on to say:

> He had no easy way, of course, of ascertaining whether or not these workers were immigrants but he used this method. He had the leaders get together the various ethnic groups and they came to his office and registered. These were as a consequence designated by Mr. Simard as the immigrants under discussion.
>
> It developed that there were a total of 120. This is an increase over the figure of 80 that was at first estimated. However 50 per cent of the 120—again this is an estimate—are former iron ore company employees who would ordinarily be called back on a seniority basis. They returned to Seven Islands earlier without being called back and as a consequence are still out of work and may be until May 15.
>
> Twenty-three of the 120 are of Greek origin and were brought to Seven Islands by a Greek society. Of this group, only one has been in Canada less than a year.
>
> Mr. Simard reports further that of the 120 about 60 of them are drawing unemployment insurance benefits.
>
> He emphasizes the fact that there are not 600 immigrants involved in this problem and actually the 23 Greeks are the only ones that seem to be short of funds and steps are being taken to see that they do not suffer hardships.
>
> Mr. Simard emphasizes that there is no crowding around the unemployment insurance commission office and that everything is completely under control.

COMBINES INVESTIGATION ACT

LOSS-LEADER SELLING—TABLING OF REPORT

Hon. Stuart S. Garson (Minister of Justice): I wish to table the report of the restrictive trade practices commission of an inquiry into loss-leader selling.

Hon. members will remember that, when legislation forbidding the practice of resale price maintenance was recommended by the MacQuarrie committee and enacted by parliament, fears were expressed in some business quarters that the abolition of resale price maintenance would lead to an increase of so-called loss-leader selling. It was feared that this would have certain harmful effects both on retailers and on manufacturers. The MacQuarrie committee therefore recommended that an inquiry be made into the prevalence and effects of loss-leader selling with

a view to recommending suitable legislation, if any were considered necessary, to deal with it. The government, also, when the legislation forbidding resale price maintenance was being debated, promised to give close attention to its effects and to any practices which might develop as a result of it to any further legislative action that might, therefore, seem appropriate. The inquiry into loss-leader selling was in pursuance of these considerations.

The report, which the government is now engaged in studying, expresses the opinion that the practice of loss-leader selling does not call for legislative action at the present time.

Copies of the report in English are being distributed to members by the joint distribution branch. Owing to the length of the report, the French edition is not yet ready. Translations of the introductory and conclusion chapters are available and are being distributed by the joint distribution branch. The complete French edition will be distributed at the earliest possible date.

QUESTION

CENTRAL MORTGAGE AND HOUSING—ADMINISTRATION COSTS

Mr. Balcom:

1. What amounts were shown under the heading of administration costs of the Central Mortgage and Housing Corporation, during each of the following years: 1950, 1951, 1952, 1953, 1954?
2. Are carrying charges on properties used in connection with Central Mortgage and Housing Corporation?
3. If so, what amount for each of the above periods?

He said: May I ask permission to withdraw this question for redrafting?

Some hon. Members: Agreed.

Mr. Speaker: Question withdrawn.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PUBLIC SERVICE—SUPERANNUATION

Mr. Cardiff:

1. How many public servants under the superannuation act have been retired between the ages of 60 and 65 pursuant to subsection 11 of section 16 of the regulations made pursuant to order in council P.C. 1954-673?
2. How many civil servants were retained after the age of 65 years under regulations made in pursuance of the said order in council?

SAINT JOHN, N.B., IMMIGRATION BUILDING

Mr. Bell:

1. What was the total cost of the new immigration building at Saint John, New Brunswick?
2. How many immigrants was this building designed to accommodate per day?

Mr. Pinard: Return tabled.

MOTIONS FOR PAPERS

C.P.R.—"ROYAL CANADIAN"

Mr. Hodgson:

For a copy of all telegrams, letters or other communications or correspondence exchanged between the Department of the Secretary of State and the Canadian Pacific Railway, with reference to the proposal that a Canadian Pacific Railway continental train be named "Royal Canadian".

He said: Dropped.

Mr. Speaker: Dropped.

USE OF TITLE "ROYAL" ETC.

Mr. Diefenbaker:

For a copy of all correspondence directed to any minister or department of government since the 1st day of January, 1950, and replies thereto, which relate to applications made for permission to use the expression "royal", "queen", or any other title or word, which law, tradition or practice requires must have the consent of the crown before same may be used as part of the name of any corporation, partnership, institution or thing.

Mr. Pinard: I should like to ask my hon. friend if he would allow this item to stand a few days because I am collecting information which will make it possible for me to deal with the matter later.

Mr. Speaker: Motion stands.

CANADIAN BROADCASTING CORPORATION ACCOUNTS

Mr. Fulton:

For a copy of all correspondence, memoranda, etc., exchanged between the office of the Auditor General and the Canadian Broadcasting Corporation and/or the Minister of National Revenue, since January 1, 1950, relating to the accounts of the said corporation.

Mr. McCann: I would ask the hon. gentleman if he would allow this motion to stand.

Mr. Speaker: Motion stands.

CITIZENSHIP AND IMMIGRATION

REFERENCE TO TRIP OF MINISTER DURING EASTER RECESS

On the orders of the day:

Mr. J. H. Ferguson (Simcoe North): I should like to address a question to the minister of immigration. Did he enjoy his trip with his family to British Columbia in his private car during the Easter recess despite the fact that the words "Dominion of Canada" were painted on the car in which he travelled?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): I enjoyed it very much.

Inquiries of the Ministry

NATIONAL DEFENCE

INQUIRY AS TO FIRE AT ROCKCLIFFE BARRACKS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I should like to ask the Minister of National Defence if he has received a report from the Ontario fire marshal in connection with the fire at Rockcliffe air station last Saturday? If so, is he in a position to convey the contents of that report to the members of this house?

Hon. R. O. Campney (Minister of National Defence): I have not received, as yet, any report from any of the investigations which are being made, including the one which the Leader of the Opposition has mentioned. I therefore cannot make any statement at this time.

CANADIAN NATIONAL RAILWAYS

STATEMENT ON LAY-OFFS AT LEASIDE

On the orders of the day:

Hon. George C. Marler (Minister of Transport): On Monday, Mr. Speaker, the hon. member for Eglinton asked a question with regard to employment in the car repair shops at Leaside. The hon. members for York-Scarborough, Spadina and York East have also discussed the same matter with me. After receiving these inquiries I obtained from the management of the Canadian National Railways the following information:

In examining maintenance requirements for rolling stock the management came to the conclusion that substantial economies and greater efficiency of operation could be realized by transferring car repair work to other railway shops with modern equipment and plant lay-out already available and currently not used to capacity. Accordingly they decided that the Leaside shop should be closed. The shop at Leaside, originally designed for engine repairs, is one of the smaller car repair shops and has a staff of approximately 270. It is expected that 150 of them will be given employment in other shops of the company probably at Toronto, London or Montreal.

In taking this step the management was careful to ensure that the interests of the employees affected are properly protected in accordance with the governing wage agreements and the matter was discussed with leaders of the labour organizations concerned.

While I am on my feet—

Mr. Donald M. Fleming (Eglinton): Before the minister goes on to another matter, may I ask him why more notice was not given to the employees affected of this intended closing of the shop? Why was the notice so short?

[Mr. Pickersgill.]

Mr. Marler: I am unable to state what notice was given, and therefore cannot express an opinion whether or not the notice was short.

Mr. Fleming: It was very short.

STATEMENT ON LAY-OFFS AT WINNIPEG

On the orders of the day:

Hon. George C. Marler (Minister of Transport): If I might deal with another question, Mr. Speaker, on Monday the hon. member for Winnipeg North asked a question concerning the Canadian National railway shops at Winnipeg. In this connection the management of Canadian National Railways have supplied the following information:

The increasing use of diesel motive power has resulted in a lesser need for steam locomotives and in a reduction in their maintenance.

After studying the position in western Canada the management came to the conclusion that substantial economies and greater efficiency of operation could be realized if the shop repairs to steam locomotives heretofore done in the main shops at Fort Rouge and Transcona were carried out entirely at Transcona and if the shop work on diesel locomotives and repairs to car equipment were consolidated at the Fort Rouge shops.

The management also advises that they propose to carry out at the Fort Rouge roundhouse the work on steam and diesel switch engines now performed at the Winnipeg east yard roundhouse.

It is estimated that as a result of these changes there will be a reduction in staff of approximately 100. In all of these changes the interests of the employees affected are properly protected in accordance with the governing wage agreements and the matter was discussed with leaders of the labour organizations concerned.

The hon. member for Winnipeg North Centre yesterday referred to staff reductions by the Canadian National Railways at Winnipeg and other places and put the following question to me:

> How does he square the lay-offs now taking place with his statement in the house on February 7 that no further staff lay-offs were anticipated?

If the hon. member will reread *Hansard* of February 7 he will find the opinion there given was that of Mr. J. R. McMillan, vice president of the railway in Winnipeg, and not that of the Minister of Transport.

Mr. Knowles: But the minister put it on the record.

Mr. Marler: I think if my hon. friend would read my statement in *Hansard* he would find that it is perfectly in conformity with the facts.

STATEMENT ON LAY-OFFS AT BROCKVILLE

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Yesterday the hon. member for Leeds (Mr. Stanton) asked a question concerning reductions in the staff of the Canadian National Railways at Brockville.

The management of the railways advise that after examination of the situation at Brockville they reached the conclusion that it would be in the interests of economy to eliminate Brockville as a through-car inspection point, and pursuant to this decision 26 car men were laid off on April 15.

IMMIGRATION

REFERENCE TO REMARKS OF PREMIER OF NEWFOUNDLAND

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, now that the Minister of Citizenship and Immigration has seen the press report to which I referred yesterday, may I ask him if he is now in a position to answer the question I put at that time, namely as to what right Premier Smallwood of Newfoundland has to say that certain persons giving certain information would be given the "bum's rush", and if they were Germans they would be deported.

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): Mr. Speaker, I will leave it to hon. members opposite to make comments on press reports which may or may not be accurate.

Mr. Fleming: May I ask the Minister of Citizenship and Immigration if Premier Smallwood of Newfoundland has any authority to announce the intention of deporting anybody in Newfoundland.

An hon. Member: Yes or no.

Some hon. Members: Answer.

Mr. Pickersgill: The hon. member for Eglinton is a lawyer, and is just as familiar as I am with the Immigration Act.

Mr. Ferguson: You are not very familiar with it. You don't know anything about it. He knows nothing about it.

Mr. Fleming: May I perhaps assist the minister to be more communicative by asking him if he, as Minister of Citizenship and Immigration, has given any authority to Premier Smallwood of Newfoundland to announce deportation of persons in that province?

Mr. Pickersgill: It is not the function of my department to exercise censorship of the free speech of any Canadian.

Mr. Fleming: The minister did not answer the question, or even come close to it. May I ask him if he, as Minister of Citizenship and Immigration, has given any authority to the premier of Newfoundland to make an announcement of his intention to deport any person from Newfoundland.

Some hon. Members: Answer, answer.

Mr. Pickersgill: I will be delighted to answer the hon. member. The hon. member, who helped to frame the Immigration Act, knows what powers the Immigration Act gives to the minister and he knows perfectly well that it gives the minister no power to authorize any person, except a person in the employ of the department, to act for the department.

[*Later:*]

Mr. Fleming: May I ask the Minister of Citizenship and Immigration if he has had a communication in any form from Premier Smallwood of Newfoundland in reference to the premier's threat to deport certain persons from that province?

Mr. Pickersgill: The answer is "no".

Mr. Fleming: I hope this will be final.

ROYAL CANADIAN AIR FORCE

REFERENCE TO CRASHES OF T-33 AIRCRAFT IN MANITOBA

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Since 19 lives have been lost in 20 crashes of T-33 aircraft during the last year in Manitoba, is the air force contemplating grounding T-33's pending an investigation as to whether the aircraft is to blame, or the methods of training. Are any changes in administration contemplated in Manitoba stations?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I thank the hon. member for having given me notice of his question. May I say at the outset that I do not agree with the suggestion contained in the latter part of his question, that either lack of airworthiness of the aircraft or the method of training is responsible for the accidents which have taken place.

Naturally the Royal Canadian Air Force and the department are very much concerned with any accidents which result in loss of life. But, as I said, in answer to a question placed on the order paper by the hon. member, the answer to which appears at page 2431 of *Hansard* for March 28 last, our aircraft accident rate in Canada compares very favourably with those of the United States and the United Kingdom.

With respect to the T-33 crashes which have taken place in Canada, I may say that it is routine practice for expert R.C.A.F. accident investigators to investigate each specific accident thoroughly. This has been done in respect of each T-33 crash. After a careful reconstruction of each crash, in so far as it was possible, the Royal Canadian Air Force is convinced that no pattern has emerged from these accidents which would indicate any structural defects or any lack of airworthiness in the aircraft. There is therefore no appreciable reason why the aircraft should be grounded. As a matter of fact the T-33 has had a long and very good record of service both in the United States and in Canada.

Instructional techniques employed by the Royal Canadian Air Force have gone through a long and gradual evolution and are similar to and in some respects are considered superior to methods employed by other major air forces.

I might also add that the concentration of T-33 accidents in Manitoba is probably not unrelated to the fact that practically all T-33 flying training and weapons training in the Royal Canadian Air Force is being carried out in Manitoba. The scope of this training can be judged when I mention that there are several hundreds of T-33's involved.

Mr. Stewart (Winnipeg North): May I ask a supplementary question? Are any changes being contemplated in the administration of the stations in Manitoba?

Mr. Campney: Not that I am aware of.

CANADIAN BROADCASTING CORPORATION

REPORTED DENIAL OF RIGHT TO TRANSFER CONTROL OF STATION CKNW, NEW WESTMINSTER

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): I should like to direct a question to the Minister of National Revenue, notice of which I did not send him. He may wish to take this as notice. Will the minister tell the house why such a well known and respected firm as Southam Press company was denied the right to the transfer of the application for control of radio station CKNW, New Westminster, by the Canadian Broadcasting Corporation board of governors, as announced in this morning's Montreal *Gazette*?

Hon. J. J. McCann (Minister of National Revenue): I shall have to take this question as notice.

POLIOMYELITIS

INQUIRY AS TO DISTRIBUTION OF SALK VACCINE

On the orders of the day:

Mr. John B. Hamilton (York West): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare, which is a follow-up to my question to him on March 7 last. Has the government, in co-operation with the provinces, any plans to take over or take part in the distribution of the proven Salk poliomyelitis vaccine, which is shortly to be available on the Canadian market through commercial drug houses, in the same manner as it is doing with the supply of the Connaught laboratories of Toronto?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, the hon. member for Mackenzie has given me notice of a question which I think in some particulars is the same as the question which my hon. friend has just asked me. The hon. gentleman who has just put his question did not give me notice of the specific question and consequently in fairness I feel that I should refer to the hon. member for Mackenzie.

The federal government, of course, has no control in so far as control of the distribution of products of any commercial organization is concerned. It is true that the Minister of National Health and Welfare did give a licence to two commercial companies, but that licence had to do with the testing of the potency and the safety of the particular vaccine. It will be a matter for provincial action as to whether or not there should be in any way control directed over the distribution in a province of a company. However, I think the question presupposes facts that are not really the case. It should be understood that the only sources of supply of the vaccine in the United States will be the commercial companies. That is not the case in Canada. The main source of supply for some time will be the Connaught laboratories at the University of Toronto, and within a very short time as well the institute of microbiology at the University of Montreal. I cannot say exactly when the commercial product

will be available, although perhaps one company now is in the process of distributing, in certain parts of Canada, some small quantities of the vaccine.

Whatever control is being arranged has already been provided for as a result of a decision made by the ten provinces and the federal government last fall before the full value of the vaccine was made known. As a result of those prearrangements, I believe there will be in Canada as great a measure of control providing for the availability of this vaccine as exists in any other jurisdiction in the world at the present time. Much credit for this should go to the provinces and to the federal government who were able to make this arrangement, and I should like to say particularly to the Connaught laboratories who have played such a distinguished role in this very important matter.

As I have said publicly, great credit for the vaccine must go primarily to Dr. Salk, but if it had not been for the role of the Connaught laboratories, success in Canada would not have been attained so early. In view of the historic character of this particular discovery, I thought I should in this house mention particularly in grateful acknowledgment the services of Dr. Defries, of the Connaught laboratories, and particularly the researches of Dr. Rhodes, Dr. Joseph Morgan, Miss Helen Morton and Dr. Parker, all of the Connaught laboratories.

I am happy to say, Mr. Speaker, that Dr. Morgan, who was a member of the research team that discovered medium 199, which is so essential to the preparation of the vaccine, is at the present time, along with Miss Morton, a valued servant of the Department of National Health and Welfare.

This vaccine will be available in Canada in as great a quantity during the next two or three months as will be the case anywhere in the world. I expect that one—

Mr. Macdonnell: Time.

Mr. Martin: My hon. friend says "time". I think the people of Canada want nothing but the fullest information.

Mr. Sinclair: Hear, hear.

Mr. Martin: And I take advantage of the very kind question put by my hon. friend to provide this information. We expect that as a result of the preparatory arrangements which I have indicated it will be possible to provide inoculations for possibly 1,500,000 individuals in Canada by July 1.

Mr. Sinclair: Have you any more questions?

Mr. Hamilton (York West): I have a supplementary question, Mr. Speaker.

Some hon. Members: No.

Mr. Hamilton (York West): However, I hope that I do not get a supplementary speech. Is the minister aware that already there are rumours of a grey market or a black market in the product he spoke about?

Mr. Martin: Mr. Speaker, the Minister of National Health and Welfare is aware of every rumour, unfounded and founded. I may say that we anticipated this one, too. As a result of the arrangements that we have made with the heads of governments in all the provinces, including the province from which my hon. friend and I come, I am sure that if there are any dangers of that kind they will be effectively dealt with by the provincial governments, the constitutional authority concerned.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, there was one section of my question that the minister did not touch on. My speech will be very short. Will the minister indicate what percentage of the available serum will be distributed through local public health authorities and what percentage through firms like Parke, Davis and the other company the minister mentioned? What percentage of the serum will be free through public health services?

Mr. Martin: All the supplies that are now in existence in Canada, enough for 750,000 individuals at the moment and for 1,500,000 by July 1, we expect will be provided through the Connaught laboratories. I cannot state now precisely what will be the percentage emanating from commercial sources, since I have not been told that yet, but I expect that by July 1 it will be negligible.

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask a question with regard to the 1,500,000 dosages? Can the minister tell us whether there will be sufficient dosages for the follow-ups? I understand there are three stages. Will these use all the vaccine available, or will there be sufficient available to follow up these 1,500,000 cases with further inoculations at the right time?

Mr. Martin: It is not 1,500,000 doses; it is 1,500,000 individuals. It will be up to the provinces to decide how many dosages they will want to give. In most provinces I have just been advised—I have not had a chance to peruse the reports of the provinces that have sent in their reports, but all provinces at this time are going to use two instead of three shots with the exception of Nova Scotia, Alberta and British Columbia. Of course that will not take care of the vaccinations which will be required by the whole country, but the Connaught laboratories and the institute of microbiology at

Montreal will be working day and night to take care of Canadian needs.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I should like to ask a supplementary question. Will the children of parents who do not believe in the use of this vaccine be compelled to take it?

Mr. Martin: Of course the actual responsibility in that regard is not mine, but knowing the provincial governments as I do I do not believe that anyone would be forced to do anything which a Liberal government would not agree to.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to ask a supplementary question. Can the minister give assurance to the house that all the vaccine from the Connaught laboratories, which I think he indicated would equal 1,500,000 doses, will be made available free of charge to the people of Canada? I think that that is the crux of the situation.

Mr. Martin: Perhaps my hon. friend would want to consider reframing his question and putting it to me again.

Mr. McCullough (Moose Mountain): I think I can make it just as clear as the minister's answers have been to date. Will the serum amounting to 1,500,000 doses which the minister has indicated will be available by July be given free to the people of Canada?

Mr. Martin: With all respect to my hon. friend, I did not say, what he has indicated in his question I said. It is not 1,500,000 doses but 1,500,000 individuals. That is the number of persons whom we hope it will be possible to vaccinate by a stated date. Under the terms of the national health program we have, in accordance with arrangements made last fall, offered to the provinces on a 50-50 basis money which we hope, in view of the character of this particular illness, will be used for inoculations and immunizations for an unstated number of individuals throughout this country. If an individual wants to go and pay for it through a commercial house, that will be up to him; but in accordance with the arrangements which I mentioned earlier and which I announced last week the answer to my hon. friend's question is basically "yes".

Mr. Coldwell: May I ask a supplementary question? Do I understand that arrangements have been made for a 50-50 division of the cost and that this is in addition to the health grant?

Mr. Martin: It is under the terms of the national health program.

[Mr. Martin.]

Mr. Coldwell: That means that if a province has not used its health grant it will be in a favoured position as compared with those which have carried out their obligations and used the health grant.

Mr. Martin: I do not think that it will work out that way. I think every province will be treated equally.

ATOMIC ENERGY

SUGGESTED INVESTIGATION OF RADIOACTIVE FALL-OUT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the decision in Ontario to have a committee of the legislature study the question of radioactive fall-out in that province, will the government consider setting up a committee of this house to make a similar study with respect to the whole of Canada?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the government will give consideration to the suggestion made by the hon. member and, if it is found that there would be any real service to the Canadian public by the establishment of such a committee, will not hesitate to recommend it.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 19, consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. Coldwell.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, this afternoon I wish to speak to two specific subjects, one having to do with the Department of Agriculture and one having to do with the Department of National Revenue. Before proceeding to deal with those matters I should like to make a few general comments with respect to the budget which is now before us.

On careful reading of the budget speech of the Minister of Finance (Mr. Harris) one is struck almost immediately with the number of "ifs" contained in the budget. For this reason it could be called the "if" budget, and therefore I think hon. members generally will find it rather difficult to discuss the budget. A great number of unknown factors were contained in the analysis and

proposals of the minister. However, there were some things specifically stated and I should like to draw attention to one or two of these.

In my opinion one of the glaring omissions from the budget proposals is the almost complete lack of any provision for the primary producers of this country. With the exception of a few minor changes in the tariff structure having to do with certain equipment imported for farming purposes, there is almost a blank-out of any reference to any change which would be of benefit to agriculture generally. The few changes which are provided in the tariff structure for the benefit of agricultural producers I think are more than offset by one provision which will be included in the budget proposals if the minister carries out his expressed intention of increasing the tariff on ethylene glycol.

If as a result of the study made by the tariff board the government goes through with this increase it will do more harm to agricultural producers than the total of the concessions which have been made through the reduction of the tariff on certain items. I certainly hope that the minister will not recommend to this house any increase in the duty on that commodity because the differential between the Canadian and United States prices is already considerable and the only effect of any increase would be to increase the price to the consumer in Canada. As the minister knows, with mechanized farming this is a commodity which enters definitely into the cost of production.

The other matter to which I want to make reference is the reducing of the tax on corporations. The minister was only carrying out a broad hint which he made last month in Montreal, in which he indicated that the tax on corporations was too high, and he therefore took steps to reduce it in the higher brackets. But I cannot be too enthusiastic about the reductions in the individual income tax, because it seems to me that the reductions in dollars are being made for those who least require them; in other words, the ones who needed the relief from taxation the most got the least consideration.

If I read correctly the table placed on record by the minister in regard to single taxpayers, table III at the top of page 2736, I find this. If he is earning $1,500 he will pay $5 less in 1955 than he paid in 1954. If we jump to $3,000, we find he will save $20 in taxation. If we jump to $10,000 income, he will save $90. If we jump further to $50,000, he will save $490. Then if we jump to $400,000, he will save $3,990. In dollars and cents, that means that a person with an income of half a million dollars will get as much tax relief as 800 single persons earning $1,500 a year. In my opinion that is going about it in altogether the wrong way. If it is the intention of the minister in making these tax reductions to increase the purchasing power of the Canadian public—I would assume that would be the chief consideration, as I can think of no other one which would be more valuable—then by relieving the person with an income of half a million dollars by almost $4,000, he is not increasing his purchasing power in the normal sense, because that person is already able to buy everything he requires with the income he has. He is giving him a tax reduction equal to that of 800 persons in the $1,500 bracket. In my opinion, the more equitable way to have done it would have been to raise the exemption level and make the necessary adjustments in the rates in the higher brackets in order that all the benefit of the raising of the exemption level would come to the persons in the lower income groups. Not only would that provide them with a greater amount of purchasing power generally, but it would also save the Minister of National Revenue a great deal of headaches and administrative expense, because he would have immediately perhaps tens of thousands less income tax forms to process; if you raise the exemption level, there will automatically be a large number of persons who have no longer to be taxed.

I think that would be a fairer and more effective method of providing tax relief for those who need it most, and it would be of benefit to the whole economy if it were done that way. However, the minister has chosen this way, and quite obviously it is a shift to the right: reduction in taxation for the big corporations and big reductions in income tax for the people with big incomes, but practically peanuts for the ones in the lower income groups.

While there has been some relief from taxation for certain groups, there is one group, as a matter of fact, which as a result of the budget proposals is facing a serious loss, and I wish to say a word on that today. I refer to the automobile dealers who are stocked now with new cars, for which they have already paid, including the excise taxes. They should receive some consideration with respect to a refund on the tax they have paid, to the extent of the reduction of the excise tax. Perhaps the government is not aware that in the last few years the automobile dealers have been put into an entirely different position from that which they used to occupy with respect to the automobile manufacturers. It used to be possible for an

automobile dealer to obtain a number of new cars on what was known as consignment. In other words, he did not have to pay for them in cash; the cars were shipped to him, and if he was able to sell them he paid the company within a certain length of time. Now the situation is different. Owing to the credit restrictions which have been imposed in recent years on the dealers, the dealers are now obliged to pay cash on delivery for the automobiles they order. Automobile dealers who now have new cars in stock will have to pay for them, including the tax. There is no provision for them to return these automobiles to the manufacturer; they are bought and paid for. They are in the position of having to lose between $135 and $150 per unit, at a time when they have had a few years of not very active business. I would hope that the government would reconsider the decision announced the other day by the Minister of Finance and endorsed by the Minister of National Revenue yesterday. I think that is one group which will face serious loss unless some consideration is shown.

Now I come to the particular matters which I wish to discuss today. The first one has to do with the question of public investment. I am going to narrow down the subject in this case to the Prairie Farm Rehabilitation Act. I do that for a particular purpose. This house has debated on one or two occasions resolutions moved by the hon. member for Kootenay West dealing with the national conservation program, and in my opinion it would be very desirable. Until we are prepared to make such a move there is now on the statute books an act enacted in 1935 and amended in 1937 and again in 1951, known as the Prairie Farm Rehabilitation Act, which has to do with the three prairie provinces and the Peace River block in British Columbia. Now under section 4 of this act the minister is given certain authority with the advice of the advisory board to do certain reclamation work, drainage, reforestation, and so forth, in order to prevent soil erosion. In another part of the act, under section 9, the minister is given conditional powers under which he can enter into an agreement with prairie provinces and municipalities in order to do special projects in those areas outside of the area designated in the act.

I should perhaps point out that under the act now the prairie farm rehabilitation board has jurisdiction in an area roughly known as the Palliser triangle, which takes in the southwest portion of Manitoba, more than half the province of Saskatchewan, and the southeast portion of the province of Alberta with a strip going north on the west side.

[Mr. Zaplitny.]

That leaves out of the jurisdiction of the board a large portion of the province of Manitoba particularly.

We have found that over the years efforts have been made to have the provisions of that act applied to all settled areas in the three prairie provinces, and as a matter of fact in the four western provinces. In May of last year the four ministers of agriculture of the four western provinces had a joint conference dealing with this matter, and in a Canadian Press dispatch dated 10th May, 1954, the following news item appeared, and I quote:

Regina. A recommendation that the prairie farm rehabilitation administration's area of operations be extended to cover all agricultural lands in the four western provinces has been made by the agriculture ministers of these provinces.

Referring to the four provinces.

The recommendation was contained in a joint statement released by Saskatchewan agriculture minister, I. C. Nollet, at the end of a two-day conference of the ministers here Friday. The statement said the conference agreed "the work of the P.F.R.A. has been an important factor in helping stabilize agricultural production in the areas where it has been applied.

The ministers noted that many of the areas outside of the P.F.R.A. boundary in Manitoba, Saskatchewan, Alberta and British Columbia were in similar need of the P.F.R.A. policies.

That was on the 10th of May. In another dispatch of the same date which appeared in the Winnipeg *Free Press* reference is made to a statement made by the minister of agriculture of Manitoba, the Hon. R. D. Robertson. The article reads in part as follows:

This decision was made at the conference of provincial agricultural ministers and their deputies in Regina last week.

The reference is to the decision to ask the government to extend the provisions of the act.

"The fact that we're all agreed P.F.R.A. should be extended strengthens all our hands." . . . At present the P.F.R.A. area coincides approximately with the Palliser triangle and in addition there is the Peace river block.

On the 7th of June last year I wrote a letter to the Minister of Agriculture following a number of conversations we had had about the matter in which I asked whether any action would be taken last year to carry out the requests of the ministers of agriculture of the four western provinces. In his reply dated June 9 he had this to say:

The only area which has been singled out for activities under the Prairie Farm Rehabilitation Act is what is fairly well defined as the Palliser triangle. Anything which is done in the areas outside the Palliser triangle, which is similar to the work done under P.F.R.A., is provided for under special votes which appear in my estimates each year.

Then he ended with this paragraph, and it is rather important:

It has not been thought advisable to assume what the constitution attributes to the provinces, at

least until a final and permanent agreement has been reached between the federal and the provincial governments with regard to financing in general. It is therefore not the intention to introduce legislation during this session.

That was last year. The reason I bring up the matter now and treat it as one of importance is in view of the fact that a dominion-provincial conference is to be held very soon, and it is quite possible this is one of the matters which may be considered. I think it is time that some decision was arrived at because repeated requests have been made by these provinces. We have in the prairie provinces a soil erosion problem which is far more urgent than anywhere else in Canada. It is partly due to the type of farming carried on and partly to the climatic conditions. Soil erosion, resulting in some cases from not enough rain and in other cases from too much rain, is causing damage and loss of fertility running into millions of dollars, and I think it is certainly time to apply public investment to a wasting asset which cannot be replaced.

Once the topsoil is washed down streams or blown away by the winds we have lost the most fertile and valuable part of our farming land. That is a process which has been going on for some time. I speak particularly about the province of Manitoba. If I were to say in the house that the government has discriminated against the province of Manitoba with relation to this act I might be accused of being partisan about the question, but I am going to quote the words of Liberal members of the Manitoba provincial house. Certainly the government would not accuse them of being partisan to their disadvantage. For example, on the 18th of January of this year a report appeared in the Winnipeg *Free Press* concerning a discussion by Mr. Hillhouse, the Liberal member for St. Andrews, of this very question of the application of the rehabilitation act in Manitoba. He had some rather strong criticisms to make of the federal government and particularly the Minister of Agriculture. The article reads in part as follows:

He said, during the Selkirk federal by-election last fall, Right Hon. J. G. Gardiner, Minister of Agriculture, had promised $1 million in federal aid for flood alleviation in the interlake area. However, Mr. Hillhouse said, the amount Ottawa was offering had now shrunk to $125,000 . . .

As a matter of fact, up till now no agreement has been signed between the federal government and the province of Manitoba for any amount of money. These are the kind of things about which we are complaining. When a senior minister of the crown like the Minister of Agriculture goes to a point in Manitoba to speak at an important public meeting and makes the statement there that he is willing to recommend to the government that $1 million be granted, and nothing is done about it, we have reason to complain. As a matter of fact, it was $1,500,000 to start with, then it came down to $1 million and then all the way down to $125,000.

There is an article in the Winnipeg *Free Press* of March 8 dealing with the remarks of another Liberal member of the provincial house, Mr. Gildas Molgat, member for Ste. Rose. That happens to be part of my federal constituency and I know him very well. The article reads in part as follows:

Earlier Gildas Molgat, Liberal, Ste. Rose, said his area had been hard hit by floods since 1947 and that the P.F.R.A. "is not doing its job".

This is a Liberal member of the legislature making this statement. Then the article continues:

He charged the federal government with "discrimination" against Manitoba in framing the act, and urged that the province "put more pressure on" for amendments to P.F.R.A. so that it would cover all settled areas of the west and place "proper responsibility" on the dominion for damage done by drainage from federal park areas.

He was referring there of course to the Riding Mountain national park which is one of the sources of many of our flood problems in that part of Manitoba. So it goes all down the line. Again, in an article in the Winnipeg *Free Press* of March 8 you will find the following report of what the minister of agriculture of Manitoba, Mr. Robertson, had said. The article reads:

Mr. Robertson admitted that Mr. Gardiner may have made such a statement—

He was referring to the promise of $1 million.

—but that the deal had not been settled and that the province had insisted that any work affecting the level of the lakes was 100 per cent federal responsibility.

There you have a situation where Liberal members in the provincial house of Manitoba, including cabinet ministers, stand up and say that it is the responsibility of the federal government to carry out these over-all projects which would prevent the flood situations we have had. Yet the Minister of Agriculture states in this chamber that he will not recommend legislation because—and I quote from his letter—"it has not been thought advisable to assume what the constitution attributes to the provinces".

We cannot have it both ways. Either it is the responsibility of the provinces or of the federal government, and if there is any doubt about it then the dominion-provincial conference is the proper place to settle these doubts so that agreement can be reached. I think it is time some action was taken instead of having a lot of promises made at strategic

times, usually when there is an election somewhere in the offing. I leave it at that. I regret that the Minister of Agriculture is not present today but I am sure that my comments will be brought to his attention.

The other matter to which I want to make reference today has to do with the Department of National Revenue. As my text for what I wish to say I want to take a statement made by the Minister of Finance in his budget speech which will be found at page 2739 of *Hansard* of April 5. At that time he stated:

> May I say at this point, Mr. Speaker, what I think all hon. members know, that the Minister of Finance imposes and receives taxes. It is the duty of the Minister of National Revenue and his department to collect them. I should like to express my thanks to him and to his officials for the efficient and impartial manner in which this duty is discharged.

I have no objection whatever to one minister of the crown paying a compliment to a colleague. It is only a matter of professional courtesy that he should do so. I am not quite sure that he was not a little premature in his congratulations because frankly I am not impressed with some of the methods the Department of National Revenue has employed in the collection of taxes. I raised this question, which I am going to raise today, on another occasion, on March 4, in a debate in this house. While I set out the facts as I have them, and repeatedly asked the government to make some statement about them, when the Minister of National Revenue (Mr. McCann) replied in that debate he made no reference whatever to the statement I had made. Now, either he was not aware of those statements or he chose to disregard them. Whichever was the case, I am going to give him another opportunity today or during the course of this debate to explain the situation which I brought before the house at that time.

I am referring again to the matter of tax remissions made under the authority of the Financial Administration Act, and on the recommendation no doubt of the Department of National Revenue or the treasury board, to four corporations, namely the Aluminum Company of Canada Limited, which received a remission of $549,000, in round figures; the Gatineau Power Company, $496,000; the Saguenay Power Company Limited, $576,000; and the Bell Telephone Company, $371,000. The exact total of these remissions is $1,992,-728.11, or very close to $2 million.

Now, the circumstances under which these remissions were made appear to me to be quite unjustified. I stated the facts previously, and I am going to state them again. As a matter of fact, on the basis of another return which has come to my hand since then, I find that the information contained in the original return or sessional paper No. 99-B in reply to my question of February 14, was not correct. I am not going to accuse the Department of National Revenue of deliberately making a false return because they are very insistent that taxpayers should not do that. There are penalties provided for the making of false returns. But I do say the department made a quite inaccurate return; whether or not it was deliberate I cannot say. The facts stated in the first return do not agree with the facts stated in the later return on the same subject which came to my hand on March 28, 1955. I shall point out the differences in a moment.

When I raised this matter before, I pointed out that the dispute between these four companies and the department arose over a tax liability which the companies claimed they should not pay. The question arose as a result of the Quebec education tax which was imposed in 1946. The four companies which I have mentioned claimed that they should receive a deduction with respect to the education tax they paid to Quebec. The Department of National Revenue held that they would have to pay their full liability. In my opinion the department was quite justified in their attitude. If we refer to the Income Tax Act, section 12, we find the following:

> In computing income, no deduction shall be made in respect of
> (g) a corporation tax, as defined by regulation, paid to the government of a province or to a municipality . . .

Well, there is not much doubt as to the meaning of that. On the basis of that section the department, I think quite properly, turned down the claim of the four companies and insisted that the tax be paid. The companies decided to appeal to the income tax appeal board, and here is where we find one of the differences between the two returns that are received. The original return stated that the matter was submitted to the income tax appeal board and the board decided that the tax in question was deductible. Then the return states that on appeal to the exchequer court the board's decision was reversed. All this information refers to these four companies.

Upon looking at the second return I find that, as a matter of fact, two of the companies did not even appeal to the income tax appeal board and that with respect to them, there was no appeal made from that board to the exchequer court. Those companies were the Aluminum Company of Canada

Limited and the Bell Telephone Company. I quote these words from the second return:

> Regarding the Aluminum Company of Canada Limited and the Bell Telephone Company of Canada it may be said that these two companies filed appeals from the disallowance of the Quebec education tax as a deduction from income.
>
> The question in issue was similar to the one raised in the appeals of Gatineau Power Company and Saguenay Power Company Limited. In view of the fact that these latter appeals had previously been heard by the income tax appeal board and by the exchequer court, the Bell Telephone Company of Canada and the Aluminum Company of Canada Limited requested, and the crown agreed, to a stay of proceedings awaiting the decision of the exchequer court.

Then this important paragraph follows:

> Subsequently a settlement having been made with these companies, the appeals were withdrawn and as a result they were heard neither by the income tax appeal board nor by the exchequer court.

In the original return, I am informed by the same department, in all four cases the appeals were heard by the income tax appeal board, which ruled in favour of the company and then on appeal to the exchequer court that court ruled in favour of the government and reversed the decision of the appeal board. There, you have a discrepancy in the information and—

Mr. Harris: Would the hon. member permit a question? I must say that I am seeking information because I am not too familiar with the subject matter. Is it not a fact that the settlement which was made would be recorded in the higher courts as a settlement, and to that extent the return would be correct?

Mr. Zaplitny: To which court does the minister now refer?

Mr. Harris: The court that my hon. friend said had not passed on this?

Mr. Zaplitny: With respect to two of the companies the matter went as far as the exchequer court but with respect to the other two it did not go to the exchequer court because their appeal was not made.

Mr. McCann: But the principle involved was the same.

Mr. Zaplitny: That may be correct, but the information is not stated in that way.

Mr. Harris: It is quite customary to stay one action while another is being heard.

Mr. Zaplitny: I am not quarrelling with what was done in that respect. I am pointing out that the information given in the first instance was not correct and does not agree with the information later given concerning two of those companies.

However, the remissions were made to these companies under the terms of the Financial Administration Act, section 22. In that section permission is given to the governor in council to make such remissions but there is a very important proviso to the effect that it must be in the public interest. The government is not permitted to just throw the public's money away any time they feel like it. They must justify that remission by proving it is in the public interest to do so.

In attempting to justify these remissions the Department of National Revenue stated two reasons in the original return. I quote:

> Taking into consideration the uncertainty of the outcome of the pending appeals to the supreme court and of the effect of the new legislation, it was considered advisable to accept the offer of the settlement made by the company.

The appeal referred to is the one which two of the companies made to the supreme court after the exchequer court had ruled in favour of the government. The appeals were never heard but the actions were started. The effect of the new legislation referred to here is the fact that in 1953 the paragraph in section 12 to which I have referred earlier was repealed by section 4 of the amending act, so that subsequent to 1953 that paragraph no longer applied. But it is stated plainly in the amending act that the section is applicable to 1953 and subsequent taxation years.

In other words, that amendment had no legal effect whatsoever on the taxation years 1946 to 1952. And yet, let us examine these two reasons given to prove that it was in the public interest for the public treasury to hand back $2 million to these four companies, sums which they held in trust for Canada. One reason given was the uncertainty of the outcome of the pending appeals to the supreme court. That is a strange reason to give, in view of the fact that the exchequer court had ruled in favour of the government and stated their reasons for doing so. I have their judgment before me.

Surely, after having referred the matter to a court of proper jurisdiction, the government should have some confidence in the decision handed down by that court. There was no reason why there should have been any uncertainty as to the outcome of the appeal made on behalf of two of these companies. The other two did not even make their appeal to the supreme court. But the one that really strikes me as being strange indeed is the other reason in which it is said that the effect of the new legislation was considered. As I said, the new legislation was passed in 1953, and was to come into effect only for 1953 and subsequent years. It had nothing whatever to do with the case in dispute. If the legislation was valid constitutionally up to that time and was changed in

1953, then by its own laws the government was bound to proceed to collect taxes which under its own legislation became due.

Surely they would not introduce a principle that would leave the door open to any corporation in Canada to put pressure upon the government to change the Income Tax Act in its favour and then say, "Now that you have changed the act, let us go back to 1945 or 1944, and hand us back some of the taxes you took from us under previous legislation."

In his budget speech the Minister of Finance (Mr. Harris) was very careful to guard against that kind of thing when he said that certain provisions come into effect on July 1 or January 1, or that they would became effective immediately, as the case may be. None of these things is made retroactive, unless so stated. And it is stated here, plainly, that it is not retroactive, and that it is to take effect from 1953, on. So when one analyses the two reasons given he finds that neither is a valid one. And since neither is a valid reason there must have been others that are not stated. Certainly, in the light of the discrepancies in the return thus far, as time goes on I would not be surprised if we got a third answer. The situation is simply this: that, on the very weak pretence that the effect of amending the Income Tax Act in 1953 in some mysterious way had something to do with tax liability accrued from 1946 to 1952, and on the other flimsy ground that, owing to the uncertainty in the government's mind as to the outcome of the appeal to the supreme court, they felt that it was in the public interest to refund $2 million to these four corporations.

That is a very strange procedure, indeed. Because if the government proceeded by the proper methods, and if they felt that the treasury was entitled to the money they had received, they should have proceeded with the appeals to the supreme court and obtained a ruling in the matter. Then we would know where we stand. If they were not entitled to the money, then they should not have assessed it for liability.

As it now stands, the government has given a concession amounting to $2 million to four companies, and under circumstances which to me appear to be of a very suspicious nature. Until we have an explanation in the house, and until we are told how the government can justify its action under section 22 of the Financial Administration Act, then we have every reason to continue to be suspicious and to believe that the Minister of Finance was rather optimistic when he congratulated the Minister of National Revenue (Mr. McCann) upon the efficient and impartial method used in collecting taxes.

[Mr. Zaplitny.]

Mr. McCann: Is the hon. member aware that the remission of tax liability was only to the extent of 50 per cent?

Mr. Zaplitny: Exactly.

Mr. McCann: Then put it on the record.

Mr. Zaplitny: That is what I referred to. But it still amounts to $2 million. The question is not one as to whether it was 50 per cent, 25 per cent or 10 per cent; the question is: Was it justified in the public interest; and, if so, on what basis can the minister justify that remission?

Mr. McCann: I shall reply either during the budget debate, or more probably when my estimates are under consideration. I believe I shall be able at that time to answer all the hon. member's complaints. The submission was a joint one by the minister of finance of that time and the Minister of National Revenue, and was concurred in by the government. It was not a departmental order, entirely.

Mr. David A. Croll (Spadina): Mr. Speaker, I intend to stay away from that aspect of public affairs discussed by the hon. member who just sat down. Rather it is my intention today to discuss the guaranteed annual wage, the related problem of automation and the manner in which it may affect the economy of this country. Up to the present time the surface of the implication has scarcely been scratched; today I intend to do a little scratching at it. Most people ask, what is it all about? The workers say that if it is good for management to be paid by the year, then it is also good for the workers. The employers say it is illogical and uneconomic to pay wages to people who are not working.

I wish first to deal with automation. This is a new word used to describe the replacement of manpower by automatic machinery. Frequently this is described as the second industrial revolution, brought about by electronics. Let me place before the house a few examples of automation. The dial telephone is one; the machine in the telephone company which dials long distance calls, records the time and computes the cost is another; the electronic mail sorter is another. The machine in government offices which prints old age pensions and family allowances cheques by the thousands, and records them, is another; the machine that sends out premium notices from the large insurance companies is another. We are told that the Ford Motor Company has a new engine plant in Cleveland where six-cylinder engine blocks are turned out by an electronic brain which controls 42 automatic machine units. All that is done in 15 minutes. Formerly

it took nine hours to do that operation. The Toronto *Star* on April 19 carried a report from St. Catharines as follows:

> The age of automation in Canada has been ushered in at a modern new plant of McKinnon Industries Limited, the one-time Canadian supplier to the saddle and buggy trade which now provides powerful engines for General Motors of Canada cars.
>
> In the new plant in Grantham township near here, which was designed and built solely for the production of a new V-8 type of engine, mechanization has been advanced until a single operator monitoring panels of flashing lights can now control the continual flow of engine blocks through a 140-foot monster machine that performs hundreds of operations without the touch of a human hand.

There are many other instances, too many for me to mention here. As a result of those improvements no one is sure whether automation will merely jeopardize or destroy jobs. But one thing I think is certain, that automation will bring about some job dislocation which will require the shifting of workers to new jobs and to new employers. It is quite possible that if we find more ways to do more work in fewer man hours there will be more work to do, and thus it will increase employment. That of course has been the historic position of industry; we can go back to the time of the invention of the loom which could weave six webs at one time.

The workers are not fighting automation, but they want to cushion its effects and they want to share in its fruits. The guaranteed annual wage is the workers' concept of wiping out the insecurity of lay-offs and loss of wages. They look upon it as a challenge to management. Labour is asking management to guarantee to workers an annual wage in the same way management is now provided. They ask to share in the abundance. Labour does not ask that management subsidize idleness. They want less idleness; that is their chief complaint. They believe that the genius of management, under free enterprise, can help solve and destroy the evils of unemployment as they now resolve the problems of production and distribution. Nothing can be settled by ignoring this problem or by calling it names, so we might as well start discussing it.

The words "guaranteed annual wage" are something of a misnomer, since they do not quite mean what they say. Theoretically it could mean a guarantee of some wage for 52 weeks; practically it means a guarantee of some income or period of work. It has as its purpose two main objectives, the elimination of the short work week and the elimination of seasonal slack time lay-offs.

The arguments used by business today are the same ones that were advanced against the minimum wage law, workmen's compensation, old age pensions, unemployment insurance, the eight-hour day and industrial pensions. The historic position of business has been that the guaranteed wage will bring on inflation, force bankruptcies and make workers lazy. We have heard all that before and it just did not happen. I ask this house whether all these improvements I have mentioned, and collective bargaining, holidays with pay and health benefits have harmed the economy or the people of this country.

My purpose in bringing this to the attention of the house is not to recommend a blind rush into guaranteed annual wage agreements. I do recommend to this house a very thorough examination. Job security and security of wage income have always been matters of great concern not only to the workers but to the employers, to the labour unions and to the governments. Thus guaranteed employment or wage plans have gained widespread support amongst wage earners, reflecting a very deep-rooted desire for steady jobs and steady incomes.

Let me be more explicit. A guaranteed employment, or a guaranteed wage plan, is a formal commitment by an employer to provide for all or some of his employees a stipulated amount of work or wages during the year. Under guaranteed employment a certain amount of work is guaranteed. Under the guaranteed wage plan income is guaranteed. The difference between the two forms is largely one of emphasis. Many employers have voluntarily attempted to provide year-round employment, not only because of such intangible but important benefits as better labour relations and the good will of the community, but also because of the savings to be derived from reduced turnover of personnel and the improved employee morale which result from eliminating the workers' fear of unemployment.

Employers in the main have been unwilling to commit themselves to guaranteed annual employment, fearing that seasonal or cyclical fluctuations, or both, may make fulfilment of that impossible. Some experts do say that stabilization of the workers' income, or lessening of the effect of unemployment, can be brought about to a certain extent through seniority rules, work sharing in slack seasons and dismissal pay.

These measures all help to bridge periods of unemployment or idleness. They do not provide security of income or employment. Seniority rules merely determine which employees are to be laid off. Sharing work also means sharing unemployment. Dismissal pay only softens the blow from the loss of

the job. Although unemployment insurance provides some income during slack periods, payments are comparatively small and continue for a short time. There is no doubt that unemployment insurance is helpful, but it is not a satisfactory substitute for regular and steady employment, and it was never intended to be that.

Let us for a few moments examine in a general way what are the implications of an annual wage guarantee. Of course many questions come to mind when considering a nation-wide application of a guaranteed annual wage. If we consider the feasibility of a guaranteed annual wage in the steel industry, and I use this only as an example, we are concerned immediately with the problem of synchronizing demand and employment with those of other interdependent industries.

Two questions undoubtedly arise in the minds of those who are giving this matter some thought. First, would the commitments of an individual firm under a general industry agreement for a guaranteed annual wage need to be reinforced from a more general pool of resources? The second question of course is whether such an undertaking would require government participation in the pool to take care of cases where a whole industry is in a depressed state.

Some of these questions may be answered by the fact that if a guaranteed annual wage plan were undertaken during present high employment, a fund of purchasing power in the hands of the consumer could be assured. This in turn would increase demand for new investment to match a sustained consumer market. The possibility of failure to meet commitments would thus be reduced to a minimum. Of course there is the further possibility that with the aid of unemployment insurance an annual wage program could become a reality.

It is axiomatic, and it has been so stated by many hon. members in the house, that where workers are assured of full employment and economic security they furnish a background for that mass of purchasing power so essential for the continued turning of the wheels of industry. The production of steel depends entirely upon the wheels of industry turning, which in turn depends upon both the purchasing power of the people at home and the demands of foreign markets. If the steel workers, and I again use them as an example, as a group are guaranteed an annual wage thereby assuring continuity of full employment, they have a stability which permits them to go out and purchase automobiles, refrigerators and the thousand and one articles which require steel.

I intend to discuss for a few moments some of the arguments which have been presented from time to time in favour of an annual wage, and some which have been presented which are unfavourable to it. Let us examine the advantages of a guaranteed annual wage. The worker's feeling of security is increased; his morale is strengthened and maintained. Partially employed workers find it difficult to recognize the need for increased production when the results of their efforts are likely to result in lay-offs. Under a guaranteed wage the worker feels free to exert the maximum effort. He knows that increased effort on his part does not mean that he will lose his job.

Surveys indicate that many workers would prefer regular employment at moderate wages to irregular employment at high wages. Increased security would result in greater co-operation between labour and management. The worker's efficiency is likely to be improved. There will be less incentive to make work last. The sense of responsibility will be increased, resulting in less breakage and less faulty work.

The labour turnover may be reduced. Irregular employment often results in a high labour turnover, which increases costs because of the loss of trained men and the expense entailed in continually hiring new workers who have to be trained and whose initial efficiency may be low. The existence of an annual guaranteed wage plan will stimulate management to find ways and means to regularize production. Since workers will have to be paid whether or not there is work for them to do, every effort will be made by management to find something for them to do by trying to smooth out the variations in demand for the products of the industry and in the supply of its raw material, and by improving the organization of production and distribution.

To the extent that a guaranteed annual wage serves as a stimulus to the stabilization of production, unit overhead costs will be reduced because the same volume of production will be obtained with less capital, machinery and floor space, and a smaller labour force may well be needed. The stipulation that the guaranteed annual wage will not apply in certain specific instances might bring about a reduction in absenteeism, which would increase industrial output and thereby reduce costs. It is quite possible that there would be a beneficial effect on the economy as a whole. Other manufacturing industries and the retail trade would experience a greater stability of demand as a result of which consumption would be likely to be stimulated and investment in new undertakings encouraged.

Let us examine for a few moments some of the disadvantages which are from time to time put forward in opposition to a guaranteed annual wage. Those who are opposed say that if only a portion of the workers in a plant receive an annual wage the workers may be divided into two antagonistic groups resulting in a lower plant efficiency. The expense of operating a guaranteed wage plan may be greater than is justified by the benefits. This is particularly the case if work has to be done which involves increased variable as well as semi-variable costs. Greater stability may make it difficult for seasonal industries to acquire the temporary labour necessary to meet peak demands or to process raw materials available only at a particular season or time of the year.

The adoption of a guaranteed wage plan may force a firm to diversify its production, thereby increasing costs through a reduction of the economies which may be obtained from specialization. Further, a company may attempt to produce for stock when demand falls off, and this may prove to be a risky and costly undertaking which may outweigh any savings to be derived from operating at full capacity in a specialized industry. Business risks may be increased, and the entry of new firms may be discouraged.

A guarantee of wages would have the effect of converting some variable and semi-variable costs into fixed costs. This increased rigidity of the cost structure may make it difficult for a company to meet changing conditions successfully. The effect of this in any particular industry depends on the proportion which labour costs form of total costs. Another argument often heard is that it may have the effect of freezing the worker in his job and thus ending his mobility.

Those are some of the arguments pro and con which I have been able to marshal. There are many others. I felt the house was entitled to have both sides of the story now, since this will be a matter for discussion for some time yet.

I am going to be more specific now and deal with one particular problem. How would the guaranteed annual wage affect the automobile industry? Press reports indicate that it is now breathing down their neck. It is my own theory that the guaranteed annual wage is tailored for that industry and fits it like the paper on the wall. What is more, the industry by its very method of operation has been asking for it for a very long time. The constant and persistent lay-offs in that industry serve to spur the workers to obtain an income sufficient for 12 months. They and their families cannot be expected to go on short rations from the day of the lay-off until the day the call to return to the assembly line is sounded.

No one denies that a corporation has a duty to its stockholders to see that its operations are efficiently run and make a profit, but there is another duty which must be harmonized with that responsibility for making profits. That is the duty to the men who make the profits possible, a clear recognition of their right to be freed from the spectre of constant and persistent lay-offs. By countenancing the valleys and peaks in their industry, they have indicated that the methods which in their fathers' day were best are not good enough today. These times demand new methods, new approaches and a clear grasp of what is right, proper and just.

The automobile industry operates under a high protective tariff which limits competition. It is controlled by the big three, General Motors, Ford and Chrysler, who take full advantage of the tariff. It is true that the industry has made great contributions to the economy and well-being of this country. They pay good wages, but for too short a time. High wages are not a substitute for employment.

It must also be said that the industry has grown in importance and influence, and in the process has become rich in business and fat in profits. It is about time the rules were revised, because the industry has turned a bad habit into a practice, by producing at a very high rate for nine or ten months and then turning the workmen out to fend for themselves or become a charge upon the municipality until they are once again needed. With the advent of unemployment insurance workers collect benefits during unemployment, but these are still much less than normal pay. They now ask that work be spaced so they can work regularly in order that they may eat regularly.

The pattern of the industry is about as follows. They have six months of concentrated production, followed by four months of normal production which tapers off to a trickle, and then a two-months' lay-off. This is usually done under the guise of stock-taking, retooling for new models, renovating, repairing and maintenance, which is done with minute and tender care for the plant and the machinery. During that period the workers must look out for themselves; there is no maintenance for the workers as such.

The record of the industry is very interesting. During the years 1924 to 1928 the employment variation in the industry was 27·4 per cent. During the years 1947 to 1951 the employment variation was 4·7 per cent.

these were years of great shortages and great demands, and there was very little competition.

Mr. Rowe: Did you say 4 per cent variation?

Mr. Croll: Yes, that is what I said.

Mr. Rowe: You also said 27 per cent?

Mr. Croll: I said that the variation between 1924 and 1928 was 27·4 per cent. The variation in employment from 1947 to 1951 was 4·7 per cent. Now, once again the industry is being subjected to sharp short-term lay-offs which are increasing in number and severity. In the face of competition the employment variation now is almost three times what it was in the 1947-1951 period. It is rising again. Thus by the failure of the industry to correct the pattern which I have indicated, it has for the present time lost the initiative by default.

I do not think the guaranteed annual wage will affect industry adversely. I think it will provide it with an exercise in planning and economics which it can solve in the same way it has solved other very difficult problems. If they must find work for their employees on a year-round basis they will learn to make cuckoo clocks, and they will make them better than anybody has made them before. They will sell more and more, and sell them on the time payment plan in order to provide employment and profit. It is not good enough for industry to say that they have to meet consumer demand, for it is well known that they not only stimulate but they create consumer demand.

It must be said in fairness to them that industry is not unaware of its shortcomings and has attempted to meet the situation by bringing out new models in the fall rather than in the spring, and thus have a winter selling season. That is a laudable effort to stabilize the industry, but in the face of competition they are reverting to the old practice and the old pattern once again, and that is a dangerous one. The industry—and I think I know it well—is fortunate in that it has not only genius but talent within its ranks. The genius has been devoted to engineering, mechanization, production, distribution and automation; the talent to the human problems, the workers and labour relations. That is not good enough. It is time they applied the genius where they now apply the talent.

The guaranteed annual wage is not revolutionary; it seems to me rather evolutionary. I believe that the companies are hungry for a solution, but are fearful of breaking new ground and fearful of letting the team down. They can meet the challenge if the big three will undertake to do it collectively. Here is a great opportunity for them to give leadership by doing away with these periodic and what appear to be totally unnecessary lay-offs. The guaranteed annual wage has been operated chiefly in the United States, where only a small portion of the workers have been covered, and the same thing is true of Canada.

In replying to a question by the hon. member for Winnipeg North Centre on February 14, the Minister of Labour said in effect that no study was being made by the department of the guaranteed annual wage. In answering the question he also had something further to say. He said that in 1953 there were two guaranteed annual wage plans in manufacturing industries in Canada and three guaranteed annual plans in non-manufacturing industries, the total number of employees covered being 1,900. One plan has since been discontinued.

In 1954 there were eight guaranteed annual wage plans with a total number of employees of something like 1,050. To bring the house up to date, my information is that in 1955 we must add to that number the John Labatt Company of London which employs 500, the Pert Hosiery company of Montreal which employs 60, and the Eaton Knitting Company of Hamilton which employs 150. Some other countries have recently introduced guaranteed wage plans, but they have generally restricted them to a certain limited number of hours of work per week.

My purpose in rising today was to anticipate a measure such as this which can have a healthy effect upon our economy. Just as many of us have envisaged and fought for measures of social and labour betterment, minimum wages, workmen's compensation, the eight-hour day and 40-hour week, unemployment insurance and so on, so we have to give thought now to the guaranteed annual wage. While we have a high level of employment at the present time, we must maintain that condition by all the devices at our disposal. I do not regard the guarantee of wages as a panacea, but I do think it is a tool which can be put to work to round out a program of greater security, and which will make for harmonious industrial relations and a more lasting prosperity. At least we can give some study to advance the frontiers of knowledge in this particular field. This would give us a chance to bone up in order to create a climate of understanding and informed opinion with respect to what appears on the horizon.

Before the great debate, which may give off more heat than light, becomes one of great contention, we should give it study. In the light of the minister's answer to the hon. member, to which I have already

alluded, it is my suggestion that the department make a careful and minute study of the implications of the guaranteed annual wage, and when it is completed turn over the report to the committee of this house on industrial relations for study and understanding. That would have the beneficial effect of creating a more thorough understanding by members of the House of Commons and the country generally.

This is no time to stand aloof. It will be on us before we know it. I think we should study the problem before it becomes a labour issue. In that light I present the matter to the government for consideration.

Mr. George H. Hees (Broadview): Mr. Speaker, in examining the budget I think we must look first to see what is in it and, second, find out, if we can, why this particular budget was presented. First of all I am going to examine the budget and then a little latter I shall describe why I think it was presented.

In examining the budget, may I say that I think it has failed in the main purpose of a budget brought down in a period like this, which should be to provide the stimulus necessary to restore the pace of industrial production, trade and employment.

The first point is the reduction in the income tax. It amounts to 27 cents a week for a married man with two children earning $3,000 a year, which is considerably above the average for Canada. It amounts to 50 cents a week for a married man with two children earning $5,000 a year. That kind of tax reduction is not going to give anybody the incentive to go out and buy a television set, a washing machine, a refrigerator, a stove, a suit of clothes, or any of the things produced by the industries that are hardest hit today. It is going to create very little stimulus to sales in those industries, and I think it has failed in that regard.

The 2 per cent reduction in corporation tax was welcomed by industry but, Mr. Speaker, how much of that 2 per cent is going to be passed on to the consumers in the form of lower prices aimed at stimulating sales? I think very little. It will also do very little to stimulate plant expansion, because it will merely mean a saving of $10,000 to a company earning a profit of $500,000 before taxes. That is not enough to cause most companies to embark on a capital expansion program.

The third thing the budget did was to introduce a 5 per cent reduction in the excise tax on new cars. What does that amount to? It amounts to a saving of $75 on a new popular priced car. But the great majority of Canadians buy new cars on time, and the great obstacle in their path is the down payment. Therefore the 5 per cent reduction is not going to help them very much.

Although the budget has undoubted political appeal, it does not do the job required of a budget brought down in a period of economic slow-down, such as we are experiencing today. It is a superficial budget, aimed at taking people's minds away from the fact that the government has no plan for counteracting our basic economic ills.

By the announcement of the appointment of a royal commission to study our economy the government has recognized the need for such a plan. But I want to ask the government this question. What has it been doing in the ten years that have intervened between 1945 and now, since the introduction of the famous white paper in 1945 which recognized this need? During those ten years the various departments of the government should have been collecting the kind of information which the royal commission will collect in the next few years. The royal commission will require several years to collect the information, and several more years will probably be required then before the government gets around to formulating an economic plan.

If the government had had its various departments gathering the information which the royal commission will now gather, a plan for industrial expansion could have been put into operation some time ago, and we would not be experiencing the economic slow-down which we are experiencing today. For 15 years the government has been content to ride the crest of an economic boom which it was convinced would never end, but it did end in this past year. Now they have suddenly come to realize that this country is facing economic problems for which they have no answers. In desperation they have turned to the appointment of a royal commission to do the job they should have been doing for the past ten years. The problems we are up against today, Mr. Speaker, are simply the problems which were bound to present themselves when the nations devastated by war got on their feet, and when countries like the United States started looking around aggressively for markets into which to dump their surplus production. They certainly found one in Canada.

So today, Mr. Speaker, this government is trying to cover up its incompetence by turning to the device of appointing a royal commission to obtain information which they should have been collecting during the past ten years. There is no excuse for them not having obtained that information. They recognized the need in the white paper of 1945, and then went completely asleep and did

nothing about it. The government realize they have no information upon which to formulate an economic plan, and the country is taking the rap.

I suppose that in the meantime, until this royal commission reports, this government is going to be quite content to sit back and do nothing. During the next four years, while this investigation is under way, the government will pursue its usual policy of hope and grope, somehow expecting that something is going to turn up—the something that just does not seem to turn up. I do not believe the average Canadian considers that kind of approach good enough. This government is caught badly off base, and it is making no attempt to do anything about it except admit it has no information on which to formulate a plan, and admit it is not going to do anything until this royal commission reports. The government knows quite well it will be several years before the commission can report. I think this is a disgraceful situation for any government to have to admit, but this government is admitting it today because it has no alternative.

Now, although the government cannot come up with any suggestions or any plan, and even though this government is too autocratic, too dictatorial, too self-satisfied to ever accept suggestions from the opposition, it is still our responsibility, failing any suggestions from the government side, to make suggestions concerning what we feel has to be done to pull our economy out of the doldrums in which it finds itself today.

I am going to make a few suggestions. I think what we must do first is try to formulate a plan which will start industrial expansion in this country and will provide steadily increasing employment, a steadily increasing standard of living. That is the only positive approach to this problem of unemployment and lost markets which this government is doing nothing to meet. To do this I believe we must achieve two important aims. The first is to improve the design and lower the cost of the products we manufacture. It is only by so doing that we can protect and improve our competitive position against the products which are made outside of Canada, and which are giving us such severe competition today.

Second, I believe we must greatly expand our secondary industries within this country so we can process a far greater proportion of our primary products than we are doing today. When we do that we will provide jobs for Canadians instead of simply providing the raw materials with which workmen in other countries will turn out finished materials, many of which we buy back.

[Mr. Hees.]

The steps which I believe we must take to accomplish these objectives are five in number and I should like to deal with each in turn. First, in order to develop new and better designs and more efficient methods of production, we must undertake a greatly expanded program of industrial research, based on the programs which have proved so effective in Great Britain, the United States, Germany and several industrial countries in Europe. Unless our efforts in this regard can match theirs at least on a per capita basis, then we must expect to have their products continue to beat ours in price or design or both. Such a program, Mr. Speaker, has made it possible for Great Britain to announce, on the same day we announced our highest unemployment figure here, their second lowest. Under that program Great Britain's unemployment has continued to decrease and ours has continued to grow. I feel that is a rather astonishing state of affairs for this country to have to admit.

Now, what is needed to achieve that end is for the government to call a conference of the representatives of management, labour and the educational institutions, who will produce most of the research staff, to discuss the best methods for getting a program of this kind under way. Such a program would include the pooling of technical information to be used by those engaged in an industry to compete, as an industry, against foreign competition. I believe that only by so doing can we compete successfully against the competition which we are receiving from other countries, and which gives every indication of continuing to increase rather than to decrease.

Second, I believe that in order to expand our secondary industries we must take steps which will make it attractive for new industries to become established and for existing industries to expand. I think we must remember that this is a free country, and unless conditions are sufficiently attractive to invite the expansion of established industries they are not going to expand, and new industries are simply not going to become established. One step I think we should take in this direction is to double the rate of depreciation on plant and equipment, and by so doing reduce the risks to those investing in new enterprise. Spread over the original depreciation period this move will cost the government absolutely nothing.

Another step I think we should take to encourage new industries to become established is to make it easier for them to show their first net profit. I believe a move we could make in this direction would be to

reduce the rate of taxation on small businesses from the present 18 per cent to 15 per cent, and raise the ceiling from $20,000 to $25,000. I believe that in addition to this, in order to encourage these small industries to expand into large industries consideration should be given to the advantages of increasing the tax at a steady rate from the top of the lowest tax bracket up to a profit of say $50,000 a year before taxes. I think the sudden jump from the present 18 per cent on up to $20,000 to 47 per cent on the next $1,000 of profit is a deterrent to expansion today. I feel the government should give serious consideration to a steady increase in the rate of taxation rather than a sudden jump. If that were done it would give small industries, at present established and remaining small, an incentive to expand into large industries of the kind we need.

While the move I have suggested, of reducing the corporation tax, would reduce the income from that source for the time being, I believe the additional taxes which would accrue in the future from new enterprises which would be encouraged to start up and expand with the aid of this move and double depreciation would very soon, in my opinion, make up any deficit.

Mr. Harris: What will the deficit do in the meantime?

Mr. Hees: I shall deal with that later. From then on taxes on new enterprises, plus income tax which would be paid by people who are not now employed but who would then be employed in such new enterprises, would be found revenue for the federal treasury.

A third move I believe the government should make to stimulate sales is to reduce the sales tax by 25 per cent. This would greatly reduce the cost of things we have to sell and would place our products in a far better competitive position as against those from other countries competing with them today. It would be an important stimulus to sales, because it would make it possible for those in the lower income groups to buy more goods, and after all, they are the ones who are in greatest need of such goods and who will be most ready to buy. They are the ones who are hardest hit by the tax, because it is a tax which is applied without any consideration for ability to pay.

I believe a reduction in this tax would not necessarily mean a reduction in the sales tax total, because the greater volume of goods which would be sold because of lower prices, multiplied by the factor of the lower unit tax, would easily equal or exceed the present tax total. An excellent example of this was the government's experience with the cigarette tax two years ago.

Mr. Harris: That was smuggling.

Mr. Hees: The fourth move I suggest the government should make to stimulate our trade is that of bringing the value of the Canadian dollar down to parity with the United States dollar. This would make it more attractive for people from outside to buy Canadian goods, and would attract more tourists to this country.

As I have said, I believe these tax reductions would only temporarily reduce total tax receipts. A temporary deficit in my opinion would be well worth while if, by so doing, trade were stimulated and there was a stimulation of production to the point where in the near future it would be greater than it is at the present time. This would increase the tax totals the government would receive, because it would increase greatly the sources from which taxes come. I believe the minister will agree that, after all, that is the desirable end.

If in the meantime the government did make an all-out effort to streamline its operations, something it has made no effort to do up to this time, the savings which could be brought about in government operations would more than offset any temporary deficit which would be caused by tax reductions. In the long run I believe the moves I have suggested would substantially increase our tax revenue by increasing the sources from which taxes come, and for that reason I say these moves should be given serious consideration by the government.

In conclusion let me say that because the government has been lethargic in the past ten years and has collected no information upon which to base an economic plan, the establishment of a royal commission is a very necessary move indeed. In the meantime there is a big job to be done in facing the severe competition we are up against right now, a condition the government is making no attempt whatever to meet. Upon our success or failure in meeting that competition depend the jobs of our workmen and the standard of living of our people. I believe the steps I have suggested would help materially in meeting this challenge, and I urge the government to give these matters serious consideration.

As I said earlier, it is interesting to diagnose what has been the purpose of the government in producing a budget of this kind. It is certainly clear to me that the budget does nothing to stimulate sales or production, so why was it brought in? I think those of us

who gathered here on the night of April 5 to hear the budget speech were rather surprised, when finally we had a look at the baby, to see that it had draped over its shoulder a banner upon which were written the words, "Liberal convention, 1956; vote for Walter Harris". And if there was any doubt in anyone's mind that that was the purpose of the budget, that indeed it was a convention budget, all he had to do was to look at the faces of the other six hopefuls. Each of them, Mr. Speaker, looked like a man who had just received news that his mother in law was coming to spend six weeks with him.

The one who really looked as though he was suffering most was fisherman Jack from Twillingate. He was really suffering. I thought he was choking on a piece of herring bait. He looked as though his rubber boots were a couple of sizes too small, and he actually felt so badly that he had to pull his sou'wester halfway down his face, during the speech, to hide the tears running down his cheeks.

An hon. Member: What nonsense.

Mr. Hees: There is no doubt in my mind that this is the first move in the campaign to build up an Uncle Walter myth. Because after all, Mr. Speaker, it is understandable that this should be done, particularly when the minister has seen what success the boss has met with in the last seven years in handing out this kind of malarkey.

Mr. Sinclair: Envy will get you nowhere. You are the malarkey man in the house right now.

An hon. Member: How is your campaign coming on?

Mr. Hees: The minister said to himself, no doubt, "If it works for him, why should it not work for me?" So he set himself the task of schooling himself to fill this particular role. And, Mr. Speaker, those of us who have observed the minister closely in the last couple of weeks have noticed that very often he has had a sort of dreamy, far-away look in his eye, the look of a man who sees thousands of little children gathered at whistle stops all across the country. As he walks down the corridor you often notice him now—you people in the House of Commons just watch him and see if this is not true—no doubt it is quite unconscious, but you can see the movement of his hands as he walks along the corridors, patting countless little tousled heads as he walks through the crowds and hands out the soothing syrup to the mothers of babies. Yes, the minister is working very hard at this, and more power to him. It worked for the Prime Minister (Mr. St. Laurent), and no doubt the Minister of Finance has set his sights on the job.

Mr. Sinclair: You certainly tried to make it work from coast to coast last year.

Mr. Hees: The minister has not got away with it in the past, because the minister of citizenship and propagation, of course, has said himself that babies are his business. He is not going to let the Minister of Finance muscle in on his racket. So what did he do? As soon as the blow fell on the night of April 5 he went out and arranged for one of those new private cars the government sends around the country with its ministers, and he did not take just an ordinary trip. He took a real trip away across the country out to Victoria to make a political speech. And did he make a political speech? Out there he told the mothers of the country that they must produce more babies for him to pat. He is coming around and he wants to have them there, and he wants to be able to pat them.

After all, you cannot blame him for not taking this thing lying down, because this minister was told by the Prime Minister, when he was brought out of the back room and set so uncomfortably on the front bench, that he was the heir apparent. He does not like this kind of a budget being brought in by the Minister of Finance because it is a direct threat to him, and he is not taking it. Therefore he went out and made a speech. It was not a bad speech either, Mr. Chairman; it was fine, except that he made the great mistake of antagonizing every Canadian citizen who did not happen to be born in Canada. He told them in effect that they are second-class citizens and that they can never acquire the status of those of us who were fortunate enough to be born in Canada.

It is amazing to me how a minister who has his foot in his mouth for 95 per cent of the time can manage to make so many political speeches. It seems to me the only answer is that he is a contortionist and is able to do it. It is amazing that every time he makes a speech he pulls off one of those masterpieces. I do not know how he does it, but he certainly does it.

Now, Mr. Speaker, let us get back to the budget. It was not produced without a lot of trouble. During the nine-month gestation period, which lasted from the time the minister was promoted early in July until early in April, there were several very anxious moments. One of them came at the four-

months' point. It was a very critical time in Montreal, last November, and for a while it looked as though there had been a premature birth, but the minister straightened that out and everything was all set. Then the seven-months' stage was reached, and his old department came up for scrutiny. Normally he would be expected to be on hand to defend his old department, but the government felt that would be a little too trying at this particular time, so they called in the hon. member for Bonavista-Twillingate (Mr. Pickersgill) to take on those noble knights, Sir John of Prince Albert and Sir Davie of Kamloops. The hon. member did very well, but of course he was no match for the two great debaters and they demolished him.

Mr. Harris: Pretty weak at this moment.

Mr. Sinclair: To use a fisheries expression, he is floundering.

Mr. Hees: It all adds up to the fact that this is obviously a convention budget, Mr. Speaker, one that is intended, as I see it, to build up the minister as a successor to the Prime Minister. The objective is to build up an Uncle Walter myth in the same way they built up the Uncle Louis myth, and that is about all it is accomplishing.

In the meantime the country is forced to suffer. There are no economic plans; there is nothing to stimulate production; there is nothing to stimulate sales, and there is no indication that there is to be any plan from the government for at least three or four years, or until the royal commission reports. In the meantime the country is going to be left to flounder. We are going through the same process of hope and grope, and to me it is a sad commentary on a government to bring in a budget at this time with no indication of any plan to overcome any of our economic ills. All they can do is to appoint a royal commission to do something which they know perfectly well they should have been doing for the past ten years and have simply failed to do. The country and the people have to take the rap for this government's lethargy, and that is about the saddest commentary one can make on any government's budget.

(*Translation*):

Mr. Gustave Roy (Labelle): Mr. Speaker, I am happy to join the great majority of Canadians who, through the newspapers of this country, have expressed their approval and satisfaction about the budget recently submitted by the Minister of Finance (Mr. Harris).

When the budget was brought down last year, we were urged to be hopeful, and we have not been deceived because this year we are feeling the good results.

True, there is nothing to make us hysterical, but it is a first step which has started the wheel turning and we have reason to believe in the enthusiastic optimism of the Minister of Finance, who assures us that the wheel will keep on turning, and that every future budget will bring a gradual lowering of taxes, for the greatest benefit of the various classes of Canadian taxpayers.

Mr. Speaker, the economic situation of the country has been fraught for the past few months with thorny problems which, from certain points of view, have a tendency to upset the sustained equilibrium that has been enjoyed these past years. That is why, more than ever, business activity must be held at a stable level, and in order to prevent economic stagnation or a serious recession, the government must take the necessary means to preserve this stability which has been the basis of our prosperity in the last fifteen years.

Particularly in the last ten years, the government has remained faithful to a policy of gearing expenditures to the economic situation. We had come to believe that it was necessary to ensure budgetary surpluses and, on no account, to accept deficits. It is only at this time that we are realizing the wisdom of the present government which has been adhering to the principle that surpluses must be accumulated in times of prosperity, the long-term view being that we must be prepared to sustain a deficit without too much trouble should national interest so require, in order to ensure the soundness of our economy.

The Canadian people have approved this policy of accumulating surpluses in order to improve our position in case we have to resort to deficit financing and have judged it a wise and farsighted policy. Our budget accounts show that, last year, Canada had started a gradual climb toward a more rational economic stability. Past records indicate that the figures pertaining to the gross national product, employment, income, manpower and economic trends in most sectors of our economy seemed to stabilize at a slightly lower level, when they did not decline.

These facts moved the government, in order to curb any tendency toward a radical and highly dangerous recession, to use the accumulated reserves for the purpose of

maintaining stability and preventing everywhere any overly unfavourable effects. We are beginning to notice that we are entering a period of readaptation which may entail some slight changes in the level of our economic activity. Taking heed of these indications, the government has shown in the budget its readiness to take the necessary steps and the people of Canada are happy to see the foresight of the present administration. The government did not remain idle, did not count only on the hope of a probable business pick-up on a world-wide scale. On the contrary, it went to work and made concessions to individual and corporate taxpayers. It is about to allocate more money for public works, to make it easier for people to get credit in order to speed up home building. It has seen to it that the seaway works are carried out without delay, that the buying power is increased through higher unemployment insurance benefits, quite apart from the numerous other moves it has made to stimulate employment and to maintain a sound business activity.

That is why the Canadian people were very pleased with the last budget. The Minister of Finance has gained the esteem of all Canadians, who are praising his remarkable financial talent and his deep understanding of our Canadian economy.

Mr. Speaker, on behalf of my constituents, I wish to sincerely thank the government for certain generous moves it has made:

First of all, the continuation for another year of price support for butter gives respite to most of my farmer constituents. In my district, more than in any other, there is an urgent need for such price support, because the dairy industry is in a less favourable position than elsewhere in the province, due to various factors peculiar to that district.

As a matter of fact, production is limited, both in its intensity and variety, by insufficient means of production, and the volume of any particular product seldom reaches a high enough level to be marketed at a profit. Therefore, as the farmer in my constituency is unable both to produce and to dispose of his production as economically as most farmers in other districts of the province, and, besides, as he has to face market fluctuations with prices falling sometimes below basic price, he finds it hard to make ends meet, when he does not suffer a loss.

Dairying accounts for 85 per cent of farm production in my county and with such an uncertain revenue, our farmers are obliged to ask the government to stabilize the industry by preventing the importation into the country of vegetable oils for the manufacture of margarine, which competes unfairly with butter on the market.

I might, moreover, recommend to the right hon. Minister of Agriculture (Mr. Gardiner) a substantial increase in the subsidies for the transport of grain to our district, so as to allow the farmers to stabilize their production cost at the same level as in the other districts of the province.

I associate myself with the hon. members from New Brunswick in supporting their request to the government of price support on potatoes, for this is an important industry in my county, and introducing such a measure would be a valuable contribution to the stability of farm revenues in that district.

Mr. Speaker, income from the agricultural industry provides a livelihood for 10 per cent at the most of the farmers in my district. To supplement their income and balance their budget, they have to work in the lumber industry. In this case, our farmers are deprived of a reasonable income because of the unfair practices of the buying companies that collude to purchase wood from farmers at ridiculous prices. I am happy to have co-operated with my colleague, the hon. member for Gatineau (Mr. Leduc), in bringing about the federal inquiry now being made. I hope the provincial government will co-operate sincerely to compel the guilty companies to pay reasonable prices to our farmers and settlers for the wood purchased from them.

In addition to being forced to sell their wood at a loss, our farmers find their woodlots being practically depleted. They are thus deprived of a necessary source of income. The leaders of our farm industry are anxious to see our governments take the urgent steps necessary to cope with this problem, which is of vital importance for our farmers. I will therefore make so bold as to suggest to the government that it should put this very important question on the agenda of the next federal-provincial conference. Of vital interest to our farmers and colonists is this matter of reforestation of their lands in co-operation with the province. Already many farmers are quitting the land because of the loss of revenue caused by this depletion of their woodlots. A survey carried out by agricultural officials has shown that a very large percentage of the total farming population will follow suit in the next ten years. I urge the government to give this matter its most earnest consideration. The solution of this problem is highly important.

One last suggestion, Mr. Speaker. The government should do away with middlemen in the contacts between Central Mortgage and Housing and the home builder. Since the state would appear to maintain and increase its guarantees in the home-building field, it would seem only fair for it to ensure that the credit it extends be as inexpensive and as easy as possible to obtain throughout this country. Many contractors have complained to me that banks and other lending institutions show little inclination to lend money in connection with buildings erected away from heavily populated centres. That gap should be filled in the best interests of the many people who wish to build a home.

Finally, Mr. Speaker, may I commend the government for its decision to grant a pension to disabled people. The citizens of Canada deeply appreciate such a move, which constitutes one more step toward social security.

This year again, I wish to convey the general opinion of the people of Canada that the government should now implement a health insurance plan in Canada. This useful step would relieve the constant pressure towards an increase of family allowances, would complete the social security legislation of the country, would maintain the economic effects of family allowances, whose value has been reduced to less than half their former worth, and, through a higher level of health among the people, would contribute to the establishment of a strong, spirited and productive nation.

(*Text*):

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, in rising to address this large and enthusiastic house this afternoon I feel greatly inspired. It is so quiet that it is more like a cathedral. I listened with a great deal of interest this afternoon to the discourse by the hon. member for Spadina (Mr. Croll) on the guaranteed annual wage. I compliment him upon the presentation he made. It was a good speech, and it enabled him to avoid talking about the budget. Therefore his speech served two purposes. However, as I say, he did make a good speech on that subject and I am not going to repeat it.

I mention it merely because the potential leader of the opposition, according to the press, who followed him in the debate failed to make any comment on this matter of a guaranteed annual minimum wage, which is a most important subject at this time to organized labour on the North American continent. He may have been so preoccupied with his notes that he missed making any observation on this most important question.

If one sits here for two or three days and listens to the speeches made in most debates, one begins to wonder what is the subject matter before the house. I try to be realistic; I generally try to talk on the subject under discussion. As I understand it, the subject before the house at the present time is the budget presented by the Minister of Finance in a very well considered and excellently delivered speech. Many proposals are contained in that budget speech, tax relief to the income taxpayer, relief for corporations, and so forth.

Now, I am not going to take the budget and make any analysis of it, because I do not have to. The hon. member for Rosetown-Biggar (Mr. Coldwell), who is the chief spokesman for this group, in consultation with all other members of the group has done a first-class job in analysing the budget in all its aspects. He raked it over and turned it over and made an excellent presentation, and I agree with everything he had to say on the budget as such.

In addition to the budget, with its many proposals, there is an amendment moved by the Conservative party, the official opposition. I am going to put it on the record again, because I am going to talk about these amendments in their relationship to the budget. The official opposition spokesman, at page 2954, in moving his amendment, worded it as follows:

> That all the words after "That" to the end of the question be deleted and the following substituted therefor:
>
> "this house regrets that in its budget proposals the government has failed:
>
> (a) to give effective stimulus to Canadian enterprise to create employment and opportunity;
>
> (b) to reduce taxation affecting those on lower incomes and allowances;
>
> (c) to curb its own extravagance and inefficiency;
>
> (d) to recognize the serious position in which the Canadian farmer and other producers now find themselves".

The leader of this group, at page 2958, moved that this amendment be amended by adding at the end thereof the following words:

> "(e) to provide assistance to the provincial governments, in order to enable them to plan their financing in such a manner as to relieve the people of this country from the crushing load of heavy municipal taxation."

Now, I want to make it quite clear, in so far as the budget is concerned, that all the economic, social and financial problems of this country today are not the product of the government as such. They are the product of a system, and the government which is in

power has to play the rules of the game as they are laid down. While the official opposition makes speeches and criticizes the party in power, in my judgment after sitting in this house for some considerable time there is only one motive for that criticism. There is never any suggestion as to what they could do themselves to change the system to bring relief and alleviation for the economic and social problems which are a product of this system and not the product of the government as such.

In their amendment I see nothing by way of a program, a policy or a criticism that would change the situation one iota. Asking the government to curb their own inefficiency and that kind of thing does not mean anything. In the face of a bad unemployment situation, all it means to me is that you should fire a lot of people who are now employed by the government, but that adds to the unemployment problem. There is nothing in their amendment that suggests that they would do anything different from what the government is doing at the present time. In fact they could not do anything. If they are going to follow strictly the lines of free enterprise as administered today by those outside of this house who control the economy, they could not do anything other than what is being done over there at the present time. Someone has to get on that side of the house who believes in taking the courageous stand of retaining what is good in the system of the past and purging it of the things that are evil; and I do not see the official opposition taking that stand, either in their amendment or in their speeches in this house.

The amendment of the C.C.F. party is merely tacked on. The rules of the house prevent us from laying down the kind of amendment we would like to move. We merely add that the government should take some action in regard to assistance to provincial governments whereby those governments may be in a position to relieve the heavy burden of municipal taxes which are charged against property exclusively. Property in the municipalities across Canada today is taxed to the hilt; it cannot go any higher.

It is at the lower level that assistance is needed. I do not say that it should be uniform or could be uniform. Some of the provinces, such as Ontario and Quebec and maybe British Columbia, which have large provincial incomes, are in a better position to help the municipalities—and they are doing so in many cases—than other provinces I know of, such as the maritimes and to some extent the prairie provinces, where they are not able to achieve uniformity in education and many other things provided in the provinces which have incomes enabling them to do such things.

I think that is one of the most important matters for the federal government to consider. I know a dominion-provincial conference is being held shortly, and there is no doubt that will be part of the agenda. There is a need today particularly to take care of the employable unemployed. While we have revised unemployment insurance, and it helps those who are receiving unemployment insurance, thousands of men who have run off the unemployment insurance rolls are now considered as charges on the municipal governments, who are unable to do anything for them. That is a question which has to be handled, and handled soon.

With respect to the budget itself, the hon. member for Rosetown-Biggar has, I think, pointed up two very important questions which should be considered by the Minister of Finance and his advisers. I agree with him that the proper place to give relief, in so far as income tax is concerned, was the lower income groups. Increasing the exemptions rather than cutting taxes at this time was the line of action the minister should have taken. The exemptions should have been lifted high enough so that married people on $3,000 income and single people on $1,500 income would be taken out of the income tax brackets altogether. If you are going to put purchasing power in the hands of the people of this country so they can buy and help break the jam of unemployment, then these are the groups to which that relief should have been handed out, because the people in those income brackets are the people who spend about 90 per cent of their income on fuel, clothing, shelter and food.

As to the people earning over $3,000, it would not matter to me if the minister had increased the rates. It is not what you pay in taxes that counts but what you have left after you have paid the taxes. I think the hon. member for Rosetown-Biggar was absolutely right when he suggested that is what the minister should have done in order to make up for the revenue he would lose by granting income tax exemption to the people in the low income brackets up to the level I have mentioned.

In the time at my disposal this afternoon I am going to talk about economic matters, but before I do so may I say that in listening to the hon. member for Broadview (Mr. Hees) I was at a loss to understand his logic in his criticism of the budget. First he set out to prove that the budget was no good, that it was

a bad budget, offered no relief and did nothing for anybody. Then in the next breath he said it was a convention budget, a budget to build up the Minister of Finance as the next prime minister.

If it is a bad budget it is not going to do the Minister of Finance any good, or enhance his popularity at the convention. The hon. member for Broadview cannot have it both ways. First he says it is no good; then he says it is a good budget and is going to make the Minister of Finance the next prime minister. As far as I am concerned he has to straighten out his logic on that point to prove to me that he actually was criticizing the budget honestly, because his afterthought was that it was an excellent budget and was going to build up the Minister of Finance.

Mr. Knowles: He is a Progressive Conservative. He goes both ways.

Mr. Gillis: Well, you could perhaps have a worse prime minister than the present Minister of Finance. We know him pretty well. You see, Mr. Speaker, I am never particularly anxious to throw someone out of a job in order to get it myself, and I have not seen very much of a threat from the official opposition in the time I have been in the house or anything to indicate that they would bring about any great improvement if they were on the other side. It is better to hang on to the fellow you know who is at least trying to do a little bit than the fellow who just wants to get over there for the purpose of being on the front benches and being called a minister.

Mr. Sinclair: The hon. member for Broadview.

Mr. Gillis: I think the present condition of the country and the international situation call for more serious thought than that. Of course we are fortunate because during war we are always very lucky. We have a lot of sensible privates who win the war despite the generals, and the same thing applies to governments. I think we underestimate the intelligence of the people in making their selection of those who are to represent them in the House of Commons. I believe we can pretty well depend on their judgment to do things right. That is why I am reasonably sure the C.C.F. is going to be pretty close to the government after the next federal election.

Mr. Hamilton (Notre Dame de Grace): You are pretty close to the government right now.

Mr. Gillis: At least there would be this much improvement. We tell you in the house what we would do. We do not take the position in the house of hammering at the government for a lot of things they are not doing, knowing at the same time that if we were over there we would take exactly the same position. That is what the Progressive Conservatives would do but they would be a little worse than the present government. If we are ever fortunate enough to sit on the front benches and run the affairs of the country we will have no hesitation in telling you what we will do.

Mr. Trainor: God forbid.

Mr. Gillis: If we were over there now we would have stepped up the exemptions and we would have increased the taxes of the fellow who has the money. We would have got a lot of money by imposing a capital gains tax on the coupon clippers, described so well by the hon. member for Rosetown-Biggar, who can have an increase of $10,000 or $15,000 a year from the stock market without paying a cent of income tax on it. That is a nice exemption. We would have done something like that.

There is another thing we would have done. We would have been a little tougher on these fellows from outside the country who virtually have control of our economy through leases and so forth. We would see that their business was conducted along a little more honest lines than it is today. There would not be the same manipulation. We would not be selling the country down the river by admitting United States capital and giving these fellows leases for the next thousand years on the resources of the country.

Mr. Trainor: Who would you get to develop them?

Mr. Gillis: Who would you get to develop them? That is a very courageous question, isn't it?

Mr. Rowe: Take them over.

Mr. Gillis: You would not have to take them over. You would finance and develop them in the same way we fought and financed the last war. We did not have to go outside the country to borrow money. The Bank of Canada was designed to do that very thing. Where private enterprise fell down the government could institute a public investment program and develop the resources of the country, just as little Joey Smallwood is doing today in Newfoundland.

Mr. Trainor: You are talking like your friends to your left.

Mr. Gillis: No, I am not. That was Mackenzie King's idea. He practically told us when the Bank of Canada was established

that he who controls the credit and currency of the country controls the country, and that the Bank of Canada was being established so the government would have some control over currency and credit in the event of Canada having to develop its own resources. We should never have sold our iron ore deposits and the future of steel down the river for the rest of our natural lives to a few monopolists in the United States. But that is what we did, and I did not notice very much opposition from the official opposition. The only opposition came from this corner.

We could have developed those resources ourselves. We could have farmed them out, held 51 per cent of the shares in the right of the Canadian people and given free enterprise the opportunity to get in on it if it wanted to do so. We could make it a partnership deal, but why sell out 100 per cent and lose control of the future of steel on the North American continent? That is exactly what it meant.

I want to say something about what is going on today in the maritime provinces. Economic conditions in that part of the country are anything but good. In making his speech the Minister of Finance stated that he was taking a gamble at this time. He said he was budgeting for a deficit in the face of a 2 per cent drop in our gross national product for the past year, but in taking that gamble he figured that the gross national product was going to increase this year by maybe 5 or 6 per cent. I hope it will, but I can tell him that if he is expecting any of that increase to take place in the maritime provinces he is going to be disappointed. The economic trend in that part of Canada today is just the reverse. Established industries that were producing in 1954 are not producing today.

Let me deal with the question of coal mining. That, of course, is the basic industry of the province of Nova Scotia, and to some extent it was a substantial industry in New Brunswick. The provincial government of Nova Scotia hired an outstanding firm in the United States to make a survey of their whole economic set-up. They recommended a lot of things, but they pinpointed the fact that in Nova Scotia the coal industry was the base of the economy. They pointed out it was in difficulties at the present time and that a lot of things had to be done if it were going to survive.

If Canada was a country that was exporting coal, if we had a big outside market, were producing a lot of coal and were not importing any, I would say that if there were any difficulties the cause would perhaps be faulty development and the fact that the mines were not operating properly, but in a country like Canada that could not be so because at the present time we are importing around 24 million tons each year from the United States. A large percentage of that is imported by the Canadian National Railways. We only produce around 16 or 17 million tons of coal ourselves. On many occasions in this house I have asked why a country that is importing that amount of coal should have no market for its own coal. I have never got an answer to that.

It is the same old story. In the area represented by the hon. member for Pictou (Mr. McCulloch) in the last four years the coal industry has been wiped out. Four fairly large collieries were operating and they have folded up. What happens to the people in those communities when an industry is lost? Nothing is put in to replace it, so those people pack up and get out. They are displaced persons. They are not even considered by the immigration department. Perhaps they have an investment of $10,000 or $15,000 in the community, own their own home and so on. They sell out at fire sale prices and wander up into Ontario or into the United States looking for employment. No effort has ever been made by the provincial or federal governments to take a further look at that problem.

I have a telegram here from the secretary of one of our industrial development boards, in the town of Glace Bay. It indicates that another large mine will be closing by the end of May. There are 720 people employed by that mine, the backbone of the whole community. There is a lot of investment based on that mine. It is closing, and there is no social responsibility on the part of that company which has taken millions of dollars of wealth out of this community. The company says the mine will close and that is the end of it. This is a huge corporation with all kinds of research facilities. You would imagine that if that kind of catastrophe were about to take place in such a community the corporation would have been doing some thinking about how the industry could be replaced. They say that is not their problem; they have no responsibility to the human being. They are in business to have figures on the right side of the ledger, so that community is being allowed to fold up.

I have said this a good many times. First the provincial government has to be persuaded that the right to preside over the liquidation of the coal industry should be relinquished. That is all they are doing, presiding over its liquidation. I have been connected with the coal industry for a long time. The only time it ever functioned

properly was during the last war, when the federal government took over the regulation and marketing of coal. It functioned very well and there was no trouble. A lot of standards were raised, pension plans were established, vacations with pay and so forth. When the war was over these things were lost and conditions returned to what they are today.

There is only one answer, Mr. Speaker, to the future of the coal industry. I do not want to be too long about this, but if you read the material that is available concerning what coal may mean to the future of this country, you will be amazed. Remember that natural gas and oil resources are expendable. We have no guarantee how long they are going to last. People who are looking a long way ahead claim that in the final analysis we will have to go back to the coal industry, even as a source for gasoline and a lot of other ingredients that are in that fuel.

For a long time the argument has been that this should be a national industry. Someone will say that under the British North America Act the resources belong to the provinces. That is quite true. At the same time, under the British North America Act the federal government has the power to declare any work in Canada a work of national importance, and they can take over that industry and make it a national industry. Even the little mine at Flin Flon, Manitoba, because it was half in Saskatchewan and half in Manitoba, was taken over by the federal government. The federal government even assumed jurisdiction over labour relations.

People like the Minister of Labour (Mr. Gregg), the Minister of Mines and Technical Surveys (Mr. Prudham), as well as other people on the front benches, if they have taken any kind of look at all at the operation of the coal industry in Nova Scotia, must have concluded that it has been a faulty operation over the years. I do not think myself that the corporation—actually it consists of about 36 other subsidiaries, many of which are bigger than the coal industry—ever seriously considered trying to market the coal. Marketing is the big problem. The only agency in Canada that can arrange for the marketing of that coal outside of Canada is the federal government. It is beyond the jurisdiction of the provincial government.

A few days ago I asked the Minister of Mines and Technical Surveys why the consumer subsidy of $2.40 per ton on coal going into Newfoundland had been discontinued. If applied to 250,000 tons of coal it would mean about half a million dollars. At that time the minister kind of shrugged it off. Since then I have seen statements in the newspapers by coal dealers in Newfoundland which indicated that the company was not trying to hold that market at all. Here is a clipping dated April 5 which indicates that Herbert K. Wyatt, managing director of the Wyatt Coal and Salt Company, gives the company a terrific beating. He says they had no marketing facilities and no storage facilities for the coal when it went into the car 90 miles away. Their loading facilities were such that they had to drop the coal 80 feet down into the car so that it was pulverized. It is stated that because of the lack of facilities for getting the coal into Newfoundland and marketing it, $3 per ton was added to the cost. Since the consumer subsidy is not being paid, you are not going to market that coal.

The point I want to make is this. This mine that is being closed now employs about 720 people and produces about 700,000 tons of coal. About 250,000 tons of coal should have been kept going across the gulf into Newfoundland. The general manager gave as his reason for closing the mine that they had lost a market for half a million tons of coal and they had not been able to make it up in the past year. At the same time he has a market for 250,000 tons of coal at his back door which he has thrown away because he will not market the coal properly in competition with United States coal.

These are matters that are the responsibility of the government. They are the responsibility of the provincial government first, and second, of the federal government. Every year the federal government puts a substantial amount of money into that industry by way of subvention. Under the Atlantic coal operators' loan arrangement, which went through this house, $10 million was made available and Dosco got $7·5 million to put into a mechanization program. I said ten years ago that so far as mechanization was concerned, and putting heavy electrical equipment in these mines, it was a lot of nonsense and amounted to throwing money down the drain. This contention has proven correct. It has added to the difficulties, in my judgment, and has been largely responsible for the closing of some of these mines. Nevertheless they went ahead with it, and the federal government has that investment.

A lot of the money you lent Dosco under that bill went into its 1-B colliery. It is the one they tried to test that equipment in, and the one they are closing at the present time. So I say the federal government has an investment in it, and I say that investment was not properly looked after, because under the terms of the bill under which they

received $7,500,000 three specific things were mentioned. First of all it had to be sound from an engineering standpoint and, in my judgment, it was not. Secondly, it had to be economically sound. Well, facts have proven that it was not. And, third, it had to be in the best interests of the community. The mine is being scrapped, and the interests of the community are shot.

The provisions of that bill were never enforced, so far as the federal government is concerned. The dominion coal board have competent engineers who should have watched that project. The federal government should have intervened before these mines were wrecked. That is another responsibility of the federal government.

This Dominion Coal Company, which is supposed to be producing Canadian coal for sale in Canada or anywhere else, is one of the largest importers of United States coal in this country. They have a wholly-owned subsidiary in the city of Montreal known as the Dominion Coal Import Company. This same company which is alleged to be operating coal mines in Nova Scotia, taking out coal to be marketed in Canada, has that big import company which is importing United States coal and filling the markets in the Montreal and Ontario areas that should have been filled with their own coal.

Mr. Trainor: Perhaps the market likes that coal better.

Mr. Gillis: Well, if they cannot get any other they have to take it. But why should those people who operate coal mines in this country import United States coal and sell it in the Canadian economy, while they use the community as a pressure machine against the government to get more assistance?

Mr. Trainor: Surely they would sooner sell their own coal.

Mr. Gillis: But they are not. I can tell you this. You are a medical doctor; what do you know about coal?

Mr. Trainor: I know the Montreal market.

Mr. Gillis: You stick to your pills.

Mr. Trainor: What do you know about it, for that matter?

Mr. Gillis: What do I know about coal? Well, I worked many years underground in those collieries.

Mr. Trainor: That doesn't matter.

[Mr. Gillis.]

Mr. Gillis: I know as much about coal as you do about the amputation of a leg, and I would not argue with you about surgery.

Mr. Trainor: The digging of coal does not make you an expert on the marketing of it.

Mr. Gillis: I know a lot about marketing it, too. I have had to go into that angle of it. I am trying to show you that the people who have it, and who take government money, are not looking after it. This is free enterprise.

Mr. Trainor: You don't talk sense.

Mr. Gillis: It is all balled up under your system.

Mr. Trainor: You don't talk sense.

Mr. Gillis: The only time it functions is during a war, the same as the rest of your economy. It always amuses me to hear members of the Conservative party, particularly, get up in the house and talk about unemployment. Why, today you are just getting back to normal. What we have now is normal during peacetime. There is not a thing wrong that a little war would not cure, not a thing. That is all that is needed. But you never have been able to make this system work, at least during my lifetime, except when there has been a war.

Take a look at the years between 1918 and 1939, and from 1945 to date. It is the same old system: no profits, no work. The solution you offer to get rid of your piled-up inventory is to put the poor men on the street and then come in and say to the government, "You can feed them", after they have broken their backs producing food for somebody else.

I say the federal government granted permission to the Dominion Steel and Coal company to set up a subsidiary in Montreal to import United States coal, and that that permission should be withdrawn. They should be forced to market their own coal in their own market. That is the responsibility of the federal government.

Recently when the Minister of Trade and Commerce was in Nova Scotia he said there was little hope held for a national coal policy. Well, I think that is pretty shortsighted. Today we have oil, natural gas, atomic energy and coal, all competing with one another. And you mark what I am telling you; just leave them alone for another ten years and you will have neither gas nor oil nor coal, because they will kill one another.

Just take a look at the pipe-line situation—just a stock market promotion, with somebody else paying for it. They are not interested in supplying coal, gas and oil to this country in the future. It is just something to make money out of at the present time.

If we are going to plan the future fuel requirements of this country, then in the light of the situation today a national body should be set up, composed of competent people who know marketing conditions and who are familiar with these fuels, so that the future of Canada in the matter of fuel supplies may be protected.

Just take a look at what happened during the last war down in the Windsor area, where they were receiving natural gas from the United States. When the Yanks needed it they just shut it off, and you had that whole area running around looking for coal-burning equipment and trying to get coal supplies. That can happen again. The main lines from which we are pumping oil today are in the United States; they are not in this country. It often amuses me to hear people talk about the United States, and the possibility of war with us. They do not have to have a war with us; all they have to do is shut off the fuel supply and we are finished. Industries and everything else would stop.

It is time we began to take a square look at this question. I know they are doing what they can in the maritime provinces, but geography is against them. A development is taking place there today that will pay dividends. The formation of the Atlantic economic council is something that should have been done 25 years ago, because the answer to the maritimes' problem is in the interprovincial marketing development and complementing the economy of each part of that section of the country. Following that is the development of industry in the communities, where they are taking advantage of the research being done at the provincial level. They are setting up funds, not to bring money in but to create it in the communities and to control it there. If that development continues, then in my judgment in five or six years you will not be sending very much to the maritime provinces from Ontario and Quebec. They will be supplying you.

That is the kind of job that has to be done. But at the present time, and until such time as they can get something done for themselves, the federal and provincial governments at the next dominion-provincial conference should take a look at the coal industry, because much of it can still be salvaged. In my judgment, however, it has to be taken out of the hands of people who merely use it as a means of pressuring the federal government into sending them out more money. That is the way it has been working in that industry as long as I can remember.

Let me conclude by saying this, that so far as the budget is concerned, it is as good as I expected it would be.

Mr. Rowe: Perhaps you did not expect much.

Mr. Gillis: It is as good as I expected. The hon. member for Rosetown-Biggar (Mr. Coldwell) offered the criticisms on behalf of this group, and I do not wish to take time to repeat them. He did it better than I could. But I think the time is coming in this country when there should be two budgets. First of all the Minister of Finance should do the sort of thing he did on April 5. He should give us a bookkeeping review of the year's activities, and a statement as to what he thinks his deficit or surplus will be in the next year. He could also give a forecast of what he would expect in the following year.

In addition to that there should be a capital budget. What is wrong in this country today is that we have no objectives. We have nothing to work for. If the Minister of Finance could bring in a capital budget and say, "Our objective next year is to clean up the slums of Canada so far as it is possible in each and every city, and also we are going to establish a system of low-rental subsidized housing to that end," in a very few months time you would have unemployment licked, and you would have every honest member in the house out working for you to complete that program and attain that objective.

This is not the way to build a country. I hope the next time the minister brings in his budget he will also have a capital budget. He is pretty realistic and I would hope he might do this, so that he would be able to tell the house, as his white paper said in 1945, "These are our objectives for the building of industry, the development of our resources and the housing of our people. If we cannot find risk capital to do this during this year, we shall do it ourselves by using the facilities that we have in the Bank of Canada." I hope we shall be able to do that at the next session.

On motion of Mr. Hahn the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall begin with the external affairs debate, and when it is concluded we shall take the following items in the order I indicate: Bill No. 182, to amend the Historic Sites and Monuments Act; Bill No. 261, to amend the National Parks Act and to establish a national park in the province of Newfoundland; Bill No. 282, to amend the Territorial Lands Act; Bill No. 257, respecting the Canadian forces; Bill No. 278, to amend the Veterans Benefit Act, 1954; Bill No. 192, to amend the Library of Parliament Act; and Bill No. 350, to amend the Blind Persons Act.

Mr. Knowles: When is it intended to resume the debate on the budget?

Mr. Harris: On Friday, unless it happens that external affairs runs over into Friday. If external affairs runs over we shall continue that debate, but if it is disposed of tomorrow I propose this other legislation for the remainder of the day, and on Friday we shall continue with the budget debate.

Mr. Rowe: You are not going to deal with all these other matters before the budget debate?

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

HOUSE OF COMMONS

Thursday, April 21, 1955

The house met at 2.30 p.m.

TRADE

OIL—TABLING OF REPLY OF UNITED STATES GOVERNMENT CONCERNING RESTRICTIONS ON IMPORTATION

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I should like to table the formal reply of the United States state department to our representations of March 8 concerning proposals that imports of oil from Canada and other sources should be restricted by legislation or by voluntary action. In view of the fact that our note was included in *Hansard* perhaps I should read this reply so that it could also appear there.

The reply is:

Reference is made to the Canadian embassy's aide-memoire of March 8, 1955, in which the embassy set forth in some detail the views of the Canadian government with respect to certain legislation being considered in the United States which has the purpose of limiting the importation of petroleum.

The Department of State appreciates receiving this clear and comprehensive exposition of the Canadian viewpoint. The problems discussed in the aide-memoire are receiving very careful study and the security aspects, as well as the economic considerations, of trade in petroleum and petroleum products between the United States and Canada are being examined.

The Canadian government may rest assured that its views will be given the fullest and most sympathetic possible consideration. As the Canadian embassy is no doubt aware, the executive branch of the United States government has indicated to the congress that it is opposed to the amendment to H.R. 1 proposed by a number of senators which would have the effect of placing legislative limits on the importation of petroleum.

I appreciate, Mr. Speaker, and the house will appreciate that this reply is not very precise. This is not, I think, particularly surprising since the issues involved are currently being discussed actively both within the United States administration and in congress. The full significance of this brief communication from the state department can only, therefore, be determined after the outcome of these various discussions is known, and it is that outcome rather than this particular note which is important.

In the meantime, as I informed the house on Tuesday last, we have been assured by the state department orally that every effort is being made to give recognition to the factors which the Canadian government emphasized in its earlier representations. While we cannot be certain about the final result I am hopeful that in the light of their own interest and of the considerations which we have brought to their notice, the United States government will deal with this question in a manner which will not interfere with the development of the trade in oil between Canada and the United States, which is of such importance to both countries.

Hon. George A. Drew (Leader of the Opposition): I am sure, Mr. Speaker, that hon. members will welcome the information which has been given in regard to this very important subject. As the Secretary of State for External Affairs has explained, there is some reservation in regard to the information given, for reasons which we can all fully understand. I believe, however, it would be appropriate to point out that, having regard to the very close association between our two countries and to the extremely friendly relationship which has been regarded as an example, there are implications in one aspect of this matter which should be borne in mind.

The Minister of Trade and Commerce informed the house of the message which had been sent to the government of the United States at the time it was proposed that there be certain fixed limitations upon the movement of oil across our frontiers. It appears from the message that has gone from the state department to the appropriate committee of congress that every effort is being made by the government of the United States to prevent a rigid pattern of that type taking form. There was, however, one other aspect of this question which has not been dealt with as yet, and which I feel could have consequences which should not be ignored if there were not some satisfactory assurances in regard to it.

It will be recalled that there was a suggestion that, as an alternative to ordinary legislative procedure, there might be a method under which companies organized in the United States and transmitting oil to the United States might be called upon to produce by voluntary action the limitation which otherwise would be imposed by legislative provision.

Having regard to the very large investment of United States funds in Canada, and having

regard to the desirability of mutual confidence not only from the financial point of view but from every other point of view, I would hope that any attempt to use the power that might be exercised by the fact that the money control was in the United States would be given very careful consideration. It could undoubtedly lead to loss of confidence on the part of investors in the United States in some types of investments here. At the same time it could raise questions in this country as to the freedom of investments which we have always regarded as being vitally important, whether they came from there, from the United Kingdom or from any other country.

I mention this because this subject was regarded as of sufficient importance by the government to be brought forward in considerable detail; and in seeking information it was not only in the hope that any legislative restriction might be prevented but also in the hope that any indirect restriction might be avoided which could interfere with that very friendly relationship in financial affairs which has been so helpful to both countries.

PRIVATE BILLS

REFERENCE OF CERTAIN PETITIONS TO COMMITTEE ON STANDING ORDERS

Mr. John Hunter (Parkdale) moved:

That the petition of Westcoast Transmission Company Limited and the petition to incorporate Baudette and Rainy River Municipal Bridge Company, presented respectively on April 5 and April 18, 1955, together with the reports made thereon by the clerk of petitions on April 6 and April 19, 1955, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

QUESTIONS

STUDY OF RADIOACTIVITY RESULTS, UNITED NATIONS

Mr. Knowles:

1. Is the Canadian government giving consideration to taking the initiative in urging the United Nations to make a study as to the extent to which atomic and hydrogen bomb tests can be made without grave danger to the human race, as requested by the federation of American scientists?
2. If so, when will such action be taken?
3. If not, what are the reasons for the government's decision?

Mr. Pearson:

1. No.

2. Answered by No. 1.

3. The Canadian government has been in touch with friendly governments who, through the possession of atomic and thermonuclear weapons, have a direct interest in this matter. Statements made recently by responsible officials of these governments indicate that tests so far have produced a general level of radioactivity which is remote from endangering human life.

Of course these matters should be kept, and are being kept, under constant study as indicated by the Minister of National Health and Welfare in the house on April 4. In addition to the investigations referred to by the minister at that time, the scientific conference on the peaceful uses of atomic energy to be held in Geneva in August will consider a number of problems related to the health and safety aspects of atomic energy, including biological and genetic effects and radiation injury and protection.

The government would be prepared to support any serious studies, which gave promise of increasing our knowledge of the problem. It is the view of the government, however, that it would serve no useful purpose for it to take any special initiative at this time of the kind referred to in the question. The government will continue to consult with friendly governments on this important matter.

PRINCE EDWARD ISLAND—DRAGGER PAYMENTS

Mr. Kickham:

What was the total amount paid in each of the counties of Prince Edward Island for the years 1951 to 1954 inclusive, under assistance in construction of vessels of the dragger or long-liner type?

Mr. MacNaught:

Fiscal year	Kings county	Queens county	Prince county
1951-52	$15,455.55	$14,300.55	
1952-53			$14,246.10
1953-54	32,683.20		
1954-55	16,514.85		

ROYAL CANADIAN AIR FORCE

RADIO COMMUNICATION BY T-33 PILOTS PRECEDING CRASHES

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Have any pilots of T-33 aircraft which crashed made radio communication which suggested they were in trouble?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I should like to thank the hon. member for having given notice of his question. In some of the T-33 crashes the pilots were able to report by radio that they were encountering difficulty. Whether or not radio communication is possible in such

circumstances depends of course upon distance, communications conditions and the rapidity with which an emergency may develop.

When radio communication is possible accidents are very often prevented because corrective instructions can be given. With respect to the 19 T-33 crashes which occurred in training command during the calendar year 1954, radio reports of difficulty were made in the case of five crashes, and in three of these five crashes there were no fatalities. No radio communication was received in the remaining 14 crashes.

Mr. Stewart (Winnipeg North): May I ask a supplementary question. When pilots radio that they are in trouble are they advised to use the ejector apparatus?

Mr. Campney: I would presume that the circumstances of the case as given to the tower would determine any advice that might be given. But I would think if there was any likelihood of a crash, most certainly a pilot would be given that instruction. In fact I would not think a pilot under such circumstances would require it.

INQUIRY AS TO TRAINING STAGES

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): I should like to direct a question to the Minister of National Defence. Can the minister tell the house whether a two-stage or three-stage pilot training program is in effect for air force pilots? I mean by that, do they begin with Harvards and go to T-33's, or is there some elementary stage in the training program?

Hon. R. O. Campney (Minister of National Defence): The present regulations are that they go from Harvards to T-33's and then on to operational planes.

COAL

REQUEST FOR REPORT ON DEVELOPMENT OF GAS TURBINE ENGINE

On the orders of the day:

Mr. S. R. Balcom (Halifax): Mr. Speaker, in view of the recent announcement in the New York press that there is every indication that the final "run until it busts" tests at Dunkirk, New York, on the coal-burning gas turbine were considered successful, would the minister care to state if the experiments and investigations being carried on in Canada indicate that this turbine will materialize for economic use on our railroads?

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I wish to thank the hon. member for having given notice of his question. The Canadian experiment in the development of a coal-fired gas turbine engine by Professor Mordell at McGill University has been under way for several years under the sponsorship of the Department of Mines and Technical Surveys.

About a year ago the machine was started on a test run. After about 50 hours' run certain weaknesses developed. After consultation among all the scientists connected with the project, it was decided that certain modifications were desirable before the tests were carried any further. The machine is presently shut down pending modifications, and it is expected that it will be back in operation very soon. When a test run of several hundred hours has been completed the results will then be made available to private industry. Any application of the machine to locomotive or other uses will then be up to private industry. We have reason to believe that the Mordell experiment is equal to or in advance of similar experiments in other countries.

Mr. Nowlan: May I ask a supplementary question arising out of that asked by the hon. member from Halifax. Would the minister advise us when he would anticipate that this test run of several hundred hours to which he referred might be undertaken?

Mr. Prudham: As soon as modifications have been made in the heat exchanger of the machine, I believe. We have every hope that the test run will be completed successfully.

Mr. Nowlan: When?

Mr. Prudham: It will be continued as soon as modifications have been made.

CANADIAN BROADCASTING CORPORATION

SUGGESTED REFERENCE OF ITEMS IN ESTIMATES TO COMMITTEE

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of National Revenue if the government is prepared to have referred to the special committee on radio broadcasting and television those items in the estimates which pertain to the Canadian Broadcasting Corporation? I am thinking of items such as Nos. 56 and 57. This request was made at an earlier stage, and follows the practice that has been observed in some other years.

Inquiries of the Ministry

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, that is a matter on which I am not in a position to give a definite answer at the present time. The house is well aware that estimates of some departments have been referred to the special committee on estimates, but the estimates for the Canadian Broadcasting Corporation are not included. Therefore I think it would take special action by the house to refer the estimates of the Canadian Broadcasting Corporation to the radio committee. However, I shall take the matter up with my colleagues, and we will give an answer at a later date.

COMBINES INVESTIGATION ACT

LOSS-LEADER SELLING—AVAILABILITY OF EVIDENCE

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to direct a question to the Minister of Justice. Will the evidence taken by the commission investigating loss-leader practices, the report of which was tabled yesterday, be made available? I know the evidence in whole would be very bulky. I am not necessarily asking that it be printed in *Hansard*, or anything of that sort, but it would be of interest to hon. members and others if the evidence itself could be accessible. What arrangements in that regard can be made?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I shall be glad to take up with the members of the commission the means by which that result might be obtained.

POLIOMYELITIS

REQUEST FOR REMOVAL OF SALES TAX ON SALK VACCINE

On the orders of the day:

Mr. John B. Hamilton (York West): I should like to direct a question to the Minister of National Revenue. Is the minister in a position to assure the house that no sales tax will be levied on the Salk polio vaccine which will be available through the commercial drug houses?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, this is a matter which is under direct consideration at the present time, and when a decision is reached I shall let the house know.

[Mr. Fleming.]

ARTS, LETTERS AND SCIENCES

INQUIRY AS TO SETTING UP OF CANADA COUNCIL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister? Is the Prime Minister aware of the press report that the government, allegedly for constitutional reasons, has dropped the idea of setting up the Canada Council? Is this true, or is it still the intention of the government to set up this body?

Right Hon. L. S. St. Laurent (Prime Minister): It is still the intention of the government to recommend to parliament that this body be provided for.

Mr. Knowles: Good.

EXTERNAL AFFAIRS

ASIAN-AFRICAN CONFERENCE—INQUIRY AS TO CANADIAN OBSERVERS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Secretary of State for External Affairs. Has Canada any observer or observers at the Asian-African conference being held in Indonesia at the present time?

Hon. L. B. Pearson (Secretary of State for External Affairs): No, Mr. Speaker, we have no observers at the conference; but we have a diplomatic mission in Indonesia, and we get reports of the conference through our mission.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed, from Wednesday, April 6, consideration of the motion of Mr. Pearson:

That items numbered 92 to 111 inclusive of the main estimates, 1955-56, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, on April 19, as recorded at page 2971 of *Hansard*, I said I proposed to outline in some detail how Stalin of Russia and his friends conquered China, indicating the part played by Roosevelt at Yalta in destroying Chiang Kai-shek. On April 6 I made a few remarks indicating that same part played by Roosevelt.

On each of those dates, I had hoped to answer the statement made by the hon. member for Rosetown-Biggar (Mr. Coldwell) on March 24, 1955, concerning Chiang Kai-shek.

On April 6 I promised to read an excerpt from an editorial in a great United States newspaper, commenting upon the recent publication of the Yalta papers. The hon. member for Yorkton (Mr. Castleden) asked the name of the paper, and I promised to give it to him. I now give him the name of the paper and read the extract. The name of the paper is the New York *Daily News*, and it is dated March 18, 1955. It has a daily circulation of 2,050,000, which indicates that it is no third-rate or tenth-rate newspaper. The name of the editorial from which the extract comes is "The Sorry Record of Yalta." These are the words I culled from the editorial:

> So Roosevelt sold Chiang Kai-shek down the river, with a lame excuse that he felt sure Chiang would agree afterward to virtually giving Russia Manchuria and the warm water port of Dairen. Thus, Roosevelt set the stage for the red conquest of China, the Korean war, and the present threat of communist conquest of all Asia.

And, I might add, of all the world.

I think that will indicate quite clearly that I am not alone in the position I take. The particular statement of the hon. member for Rosetown-Biggar was this, as reported at page 2356 of *Hansard*:

> How many Canadians or Americans understand why the Chinese people drove Chiang Kai-shek out of China?

Later on, as I recall, there were more remarks that indicated the reason he was driven out by the Chinese was that Chiang was "corrupt". In the same speech the hon. member for Rosetown-Biggar made three other statements which I shall not take time to read to the house at the present time, but the opening and closing words of which I shall give so they can be found readily by those who are interested. The first is on page 2358 of *Hansard* as follows: "It is about time... continental United States." The next is: "He suggested... the United Nations." The next is: "I have told... peace in Asia."

Now, there is diametrical opposition between myself and the hon. member for Rosetown-Biggar. This is wholly honest, and there is no political concern in the matter. He believes one thing; I believe another.

I think the issue between us must be decided by reference to authorities. The hon. member for Rosetown-Biggar is a university graduate, I am sure. I am a university graduate. He has been principal of a high school for a good many years; so have I. Neither of us is accustomed to telling lies, and neither of us is much accustomed to getting things wrong. He has been in public life a good while; so have I. I shall now give the authorities which I propose to use and we shall see which one of us can base his opinions on the sounder authority. In the time left to us in the present session I fancy the hon. member for Rosetown-Biggar and I shall have some entertainment.

These are the authorities to which I propose to refer. The first one is "China in Stalin's Grand Strategy." I have them all here on my desk so everybody can see them. It was written by Dr. Hu Shih, one-time ambassador to the United States during a period including 1939. The article is reprinted from *Foreign Affairs*, an American quarterly review, October 1950, copyrighted in 1950 by the Council on Foreign Relations, Incorporated. It was printed in the United States. I shall refer to this document whenever I have reason to refer to it by the words "Hu Shih". This will enable us to avoid repeating the name of this document so many times in *Hansard*, because with respect of every statement I make I am going to identify the document so there will be no question as to the soundness of what I shall state, or that the authorities to which I shall refer are valid.

The second document is "The Iron Curtain over America" which was written by Dr. John Beaty. It was first printed in 1951, and the eighth printing was in June, 1952. Dr. John Beaty is an M.A. of the University of Virginia, a Ph.D. of Columbia University, and a postgraduate of University of Montpellier in France. In 1941 he was called to active duty in the military intelligence service of the United States war department general staff, where he spent five years. In 1943 he was promoted to lieutenant colonel and made chief of the interview section. From 1946 to 1951 he devoted his time to intensive study preparing to write, and writing, "The Iron Curtain over America". Whenever I refer to this document I have just mentioned I shall do so by using the word "Beaty", which indicates the author.

I may say in addition, concerning this man whose works we are considering, that in 1942 he became a major and chief of the historical section in the intelligence department. He was one of the two editors of the daily secret "G2" reports issued to key persons in high places in the United States administration, giving the world picture as it had been four hours earlier. If a man like that does not get to know his way around the world, and what things are all about, I am sure it will be amazing to every hon. member of this house.

The third document to which I propose to refer is "The China Story" by Freda Utley, who is quoted as an authority by Dr. Beaty. I shall refer to "The China Story", 1951, by the use of the word "Utley". Freda Utley is

speaking from firsthand knowledge. She was in China in 1946—page 60 of Utley. She heard General Wedemeyer in Shanghai—Utley, 61. She spent six years in Russia—Utley, 63 and 108. She was in Chungking and Shanghai in 1946—Utley, page 71. She knew Li Tsung-jen well in Hankow in 1938 and talked with him again in 1946—Utley, page 83. She was correspondent for the London *News-Chronicle* in the summer and fall of 1938 and was in Hankow—Utley, 103.

She was personally acquainted with some of the leading figures of the minority who corrupted United States foreign policy in the Far East—Utley, 103. She knew Stilwell in Hankow—Utley, 105. She was herself for some time deceived by Chinese communists and revealed it in her book "China at War", 1939—Utley, page 265. She was very frank. She knew John P. Davies—Utley, 115. She spent eight days in Yenan in 1946—Utley, page 140. She knew Edgar Snow who wrote "Red Star over China"—Utley, page 140.

Besides this she draws most profusely and specifically from authorities of unchallengeable authenticity, such as original documents. For example, on page 30 of "The China Story" she says:

> No one who takes the trouble to study the records can accept Acheson's statement.

That statement of Utley's pretty well applies to Acheson all the way across the board. She verifies this assertion by reference to Acheson's "Letter of Transmittal", to the white paper on "United States Relations with China, 1949" in her notes on page 263 of her book "The China Story". There seems to be very little doubt about the validity of Freda Utley.

The next document is "The Yalta Betrayal" published in 1953 by Felix Wittmer, a man who quotes original documents and lets them speak for themselves; a man whom Dr. Beaty occasionally cites as an authority, which alone pretty well qualifies him as being worth listening to. The next is "Freedom's Case Against Dean Acheson" by Felix Wittmer, a reprint from the *American Mercury* of April 1, 1952. I have that here, and I hold it up so all hon. members can see it. I shall refer to the pages of the reprint when I have occasion to refer to the article "Freedom's Case Against Dean Acheson".

In addition to these five documents I shall refer to certain smaller documents such as the McCarran committee hearings and other authentic publications. In every case the evidence to which I shall refer was taken under oath in a committee of one of the most solemn organizations in the world, the United States Senate. Finally there is the book "While You Slept" published in 1951 by John T. Flynn, who quotes abundantly and minutely from original documents.

I may say, Mr. Speaker, that I have endeavoured to be frank and straightforward with hon. members of the house. This is too serious a time in the world's history to be playing politics with a matter as serious as Formosa or China or Chiang Kai-shek. It is far too serious for any hon. member of this house to get up and make pronouncements on any of these three things without knowing exactly what he is talking about, and without considering everything he says. It is true that there will be honest disagreement, and I am going to explain that in a minute. I have done my utmost to play square with the house and the country and I welcome honest criticism, but I hope there will be no silly, superficial political criticism, because this is too serious a time for politics. I can play politics if I want to, but I prefer not to do it. We are too much under the shadow of disaster for anything of that sort.

Let me assure my C.C.F. friends that there is nothing political in my position today, as I said in my opening remarks, nor in anything I say. We are living in exceedingly dangerous days when the Christian religion, in fact all religion based upon a belief in God, is in extreme peril. Back in June, 1945, there was published in the *Reader's Digest* for June an article under the caption "The Fate of the World is at Stake in China". In referring to that article Freda Utley says that only a very few publications in the United States dared to print an article with a heading like that. In other words there was already in the United States a censorship which rendered it next to impossible for any newspaper to publish the truth about China. That serves to show how desperate is the condition we have fallen into up to the present time. It is true today, truer than it was in 1945, that the fate of the world is at stake in China. I think it can safely be said that it is at stake in Formosa.

I shall ask the minister later on to tell us why he feels so sure about what he has referred to as neutralizing Formosa. I think we shall give him an opportunity some time to explain that to us; but meanwhile under the circumstances, I am inclined to think that neutralizing Formosa is a desperately serious proposal.

Let me ask my C.C.F. friends whether or not they might not have been reading the wrong books or the wrong kind of books and periodicals. In saying that I am not being mean or political. I think everybody realizes that I have been open and aboveboard and

fair up to the present time, and I intend so to continue. I expect those who are in the house to be just exactly that way.

Let me point out some things which astounded me when I learned them within the last few months.

In the United States, "the communist party line, beginning on October 2, 1942, was anti-Chiang Kai-shek". This is verified in "Freedom's Case Against Dean Acheson", as stated on page 9 of the *American Mercury* reprint—and it is an accurate document. When it is quoted by a man such as Dr. John Beaty, an ordinary person like you and me had better hold his peace until he is sure he knows whereof he speaks.

Again, Lawrence Salisbury in 1943 resigned from the United States state department to become editor of the Institute of Pacific Relations' fortnightly publication, *Far Eastern Survey,* and in this capacity he inaugurated a virulent anti-Chinese nationalist and pro-Chinese communist campaign paralleling that of the communist *Daily Worker,* the *Nation* and the *New Republic*—Utley, page 150. I think some people will be astonished to learn that the *Nation* and the *New Republic* are communist publications.

Mr. Knowles: We are.

Mr. Blackmore: If you are in any doubt about it just look yourself at Utley, page 150. That is how serious the situation is.

Mr. Philip Jessup, as director of the Institute of Pacific Relations, started in 1943 a virulent smear campaign against nationalist China much like the one conducted against Premier William Aberhart of Alberta. I had occasion to tell you about this the night before last. There never grew up in the Dominion of Canada a more straightforward man or a man more honestly interested in reform than Premier Aberhart; yet that man was lied about all over the world and particularly all over the American continent. I suppose that most ladies would have drawn aside their skirts if they knew they were coming into the same room where he was; he was a man fighting the whole power of the synagogue of Satan, whatever that may be. I shall drop the word "synagogue" and say "the hosts of Satan".

The people who are seeking to destroy Christianity and religion, Chou En-lai and all the people who believe in the rulers of Russia, belong to that fellowship, and they do not mean maybe. What they mean is that the Christian religion has to be destroyed, and that they will destroy it as surely as they are allowed to get power. You cannot say that the people who represent that kind of thing are emanating from Christianity. The people who opposed Aberhart are the same kind of people as those opposing Chiang Kai-shek now. The facts about Jessup appear in Utley, page 152.

May I now review Chiang's history in bare outline since 1912, and in the light of that history call upon men to use their plain common sense? There are men who say that Chiang was corrupt. I would like to see any member of this house undertake the job which Chiang Kai-shek did from 1926 on and avoid corruption in a huge country such as China, with very few trained and able people to help him. He was after all only a military general, not a statesman; not a dictator, just the president of a republic. I know that all sounds strange, but it is true, and the truth does sound strange after communist lies have done with it.

An hon. Member: What about the *Christian Science Monitor*?

Mr. Blackmore: I shall deal with the *Christian Science Monitor* in good time, but I wish to give the general facts. China is an enormous country with many different kinds of people and many different languages. It is a very poor country. It is a primary producing country; it has very few factories, and it has poor communications in every way and poor local organizations. It has 450 million people. The very idea of one man even attempting to govern a mass like that is enough to repel a person. The hon. member for Rosetown-Biggar has been a school principal. You can imagine what kind of difficulty he would have if he had a school of 450 million pupils and did not have trained teachers to help him but had assistants who knew no more than the children themselves. That is the first thing.

Let us remember that the Manchu dynasty, as a result of the Manchu conquest, had been in power in China for more than 200 years. Thus there were Manchu war lords over the districts in China, much as we had the lords over the feudal districts in Britain, only not nearly as intelligent as the British lords.

Sun Yat-sen in 1911-1912 established the first republic in Asia. Let us remember then that China was a republic and realize that the man in charge of a republic does largely what his assistants want him to do as well as what he wants to do himself. Chiang Kai-shek was made president of the Whampoa military academy. His job was to train military leaders who could help Sun Yat-sen conquer the Manchu war lords.

Sun Yat-sen died in 1925. Chiang Kai-shek as I have said was merely a military

leader; that was all he pretended to be. Being the kind of military leader he was, it took all his time to learn war. He was trained in Moscow and Japan; he got all the training he could get so as to become a successful military leader. He is one of the most skilful military leaders on earth today. He proved that conclusively in an incident about which I shall be telling you in a moment.

In 1925-26 he had to take over the leadership in China though almost entirely without knowledge or experience in political government. He was general of the army, yet he was called upon to take over Sun Yat-sen's responsibilities to govern. He established the national government with the advice of his elders on April 18, 1927. In the very year in which Chiang set up this national republic, Stalin established the Chinese communist party. Stalin established the communist red army also in the same year. Chiang Kai-shek had had to go north in 1926 to conquer most of China, to depose those Manchu war lords or bring them under control. He had singular success in this effort, and did simply marvellous things.

He had been in charge of China for only six years, and during that time he had been faced with most dreadful difficulties when in 1931 the Japanese attacked in Manchuria. It was in the far north, and it was very difficult for him to meet them. He had exceedingly trying difficulties then. He had to show extremely wise statesmanship. The Japanese were anxious to engage him in a full-scale war, when he was in no way prepared for such a war but they were. He had to fight a delaying action to hold them back as far as he could to prevent getting into a full-scale war in which he would have been annihilated.

This he did. He allowed them to take Manchuria and they established the puppet state of Manchukuo. as they called it. He then had a short time of six more years before the Japanese attacked on a full scale in 1937. One pathetic thing about the war that ensued was that the Japanese were plentifully supplied by the British and Americans with all the latest kinds of instruments of war, while Chiang Kai-shek had to fight with very meagre weapons. He was fighting the Japanese in 1937, and he continued to fight Japanese from 1937 to 1945.

Now I ask the hon. member for Rosetown-Biggar if he thinks he could bring in reforms in a country like China and fight at the same time an army of 1,500,000 Japanese, as Chiang had to do, and, at the same time, look after a Russian communist organization in China and a Russian communist Chinese army. Think of the difficulty in raising the money to equip an army such as Chiang required! This is what Chiang Kai-shek did.

I spoke about 1,500,000 Japanese soldiers. All during the war, from the time we got into it in 1941, he was holding that 1,500,000 Japanese pinned against the east Chinese coast. If they could have gone abroad or could have gone to Australia and New Zealand, I ask hon. members what might have happened to us and what might have happened to the United States. Let us bear that in mind when we remember the absolutely terrible things the United States has done to Chiang.

Over much of this time he fought the communists as well as the Japanese. There was a time during which the communists co-operated with him, but there were times when they turned their armies against him, made a flank attack against him and did him serious harm, and then blamed him for mismanagement. The story is something terrible to read about, but it is all given in Hu Shih's "China in Stalin's Grand Strategy" and Hu Shih cites men who are recognized as world authorities, such as David J. Dallin.

There is no question about the truth of what I am saying. At one time while he was fighting the Japanese Chaing had to leave some of his assistants to rule China and hold the Japanese while he set out on a 6,000 mile march driving the communist army up into the north, destroying 60,000 of its best men and getting things into position so that he had a ghost of a chance to fight the Japanese. How do you suppose he could have instituted reforms during these periods?

Throughout all his rule he struggled against foreign interests. One of the things that caused Sun Yat-sen to rise was the fact that the British had in China their sphere of influence, as a result of which they had managed to get the Chinese to sign agreements which were greatly disadvantageous to the Chinese; and various other nations had similar spheres of influence in China. The result of that imperialistic control was that it was next to impossible to govern China well at all. Throughout the time he was doing what I have been talking about, namely fighting the Russian communist organization, the Russian communist armies and the Japanese armies, he had to be steadily displacing these outside interests so he would have a chance to govern China.

He constantly struggled against poverty, ignorance and vast numbers in China. Just think that matter over. There were 450 million people spread over such a wide area as that of China. At the same time—and it is

a thing which must not be forgotten—he had a paucity of generals and a paucity of administrators. To hear some people talk, and to read some of the nonsense they write, you would imagine that skilful administrators simply sprang up out of the desert and that skilful generals merely rained down out of the sky. Where do you suppose he obtained enough capable men? How do you suppose he could govern a country of 450 million people without skilful administrators? How do you suppose he could hold out in China without skilful military leaders? He had to take what he could get.

The hon. member for Rosetown-Biggar referred to what happened in Formosa. I suppose Chiang Kai-shek sent the best man he had, but that man was a military leader; he was not supposed to be a governor. He probably made bad mistakes. No doubt he did. But with all the other 450 million to take care of, and the vast hordes of red China coming down against him, how possibly could Chiang Kai-shek personally supervise Formosa to see that everything was done right? Just put yourselves in that position. Just do a little bit of realistic thinking.

He was constantly being stalked by Stalin. According to this document by Hu Shih I have read from, Stalin started back in 1924, and he stalked Chiang Kai-shek constantly for 25 years, because he knew if he got control of China, he would have a chance of controlling the world. Just as Lenin said, so thought Stalin; whoever controls China will control the world.

What was the result of all this effort? Chiang came through to 1945 triumphantly. There will be some who will doubt that, but it is given right here in Hu Shih. Maybe I shall get to the reading of the passage. He came through to 1945 triumphantly.

Even after all the United States and Russia were able to do to destroy him, Chiang Kai-shek retreated to Formosa in 1949 with dignity and with constancy, facing the foe with faith and determination and confidence.

What are the facts about what he left behind him? Some would think he was a victim of a disgraceful rout. Read "The Iron Curtain over America" and you will find that such thinking is entirely erroneous. What did he leave behind? He left behind on the mainland 1,250,000 Chinese soldiers—Beaty, page 146—who were ready to give their lives for Chiang Kai-shek. Do you suppose he accomplished that by being corrupt? According to Major General Claire Chennault he left behind him 150 million ardently loyal people all along the south and west China borders, almost as many people as there were people in the United States—all ready to give their lives for Chiang Kai-shek. He had with him on Formosa 200 to 250 planes. He had an effective navy. He had 600,000 loyal soldiers —see Beaty, 146—who retreated to Formosa with him. He was so strong and potentially effective that it required the Korean war—and this is a new slant on the Korean war, and it is one that turns one sick, but I am going to put the evidence before you—and the United States seventh fleet thrown in front of him to keep him from regaining China.

I am going to put the evidence before you to show that apparently the Korean war was deliberately engineered by people in the United States in order to enable the United States seventh fleet to be put between Chiang Kai-shek and red China so as to keep Chiang Kai-shek from recapturing China.

Some hon. Members: Oh, oh.

Mr. Blackmore: Yes, you laugh. But explain away those 1,250,000 soldiers and those 150 million loyal people. Explain those away.

Mr. Nicholson: How much assistance did he get from the United States?

Mr. Blackmore: I will come to that matter. He obtained very little. You have heard of something said by Dean Acheson to the effect that Chiang received from the United States some $2 billion worth of military aid. In making that statement Dean Acheson is absolutely wrong. It is perfectly established in Utley's "The China Story", chapter 2, that Acheson apparently deliberately misrepresented. I will show it here. Never mind talking foolishly. Get the facts. Then you will talk intelligently. It required the Korean war and the United States seventh fleet to keep Chiang Kai-shek from regaining China. In the face of all this, how can any man with one-tenth of the intelligence and experience of the hon. member for Rosetown-Biggar permit himself to be deluded into even thinking that Chiang Kai-shek was thrown out of China?

Mr. Coldwell: It is queer what delusions we get.

Mr. Blackmore: That is right. How could he permit himself to be deluded into thinking that the Chinese people threw Chiang Kai-shek out of China? What would plain common sense tell you in the face of all this? I shall have to take up the matter of what actually caused the trouble at a later time. I have not the time to do so now. But let me recall again that Roosevelt at Yalta on February 11, 1945, gave Russia "pre-eminent interests" in Manchuria and in north China as a result of which unless Chiang Kai-shek could perform miracles Russia would be able

to conquer China. I referred to that matter the other day. Maybe I shall have time to look into it at a later time.

May I now refer to a few instances in Chiang's life—and just a few. I will talk as long as I can and then I shall have to finish this at a later time.

Here is the first instance: In November, 1943, at the Cairo conference as reported in the statement of December 1—and you will find it in "The Yalta Betrayal" at pages 109 and 110—it was declared by Roosevelt that "all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa and the Pescadores, shall be restored to the republic of China". That was in 1943. Did Roosevelt not know what he was doing? I do not know why he did the horrible thing he did two years later, but that is what he committed himself to in 1943. The evidence is here in "The Yalta Betrayal" at pages 109 and 110, if hon. members wish to read it for themselves.

Here is the second instance: In February, 1945, at Yalta, Roosevelt agreed to let Russia acquire what was to be in effect a permanent position of power in China by granting Russia —and I am quoting Freda Utley at page 3, although I am not putting her words in quotation marks—

1. The "lease" of Port Arthur to Russia as a naval base;

2. The "internationalization" of Dairen with "pre-eminent rights" for the Soviet union in this largest of China's northeastern ports;

3. The "joint operation" of the Manchurian railways by China and Russia, with the "pre-eminent interests" of the Soviet union safeguarded.

See "The China Story", page 3.

Hon. members do not need to be told what that meant. It meant that Russia could walk in and take over everything, which she did. Pre-eminent rights! This meant the two, China and Russia, would be working together, with Russia having pre-eminent rights. You might as well harness a lamb and a lion together and expect the lamb to have a fair chance.

In the Yalta agreement in 1945 Roosevelt sowed the wind from which Chiang Kai-shek within five years, beggared by abundant additional United States treachery, was to reap, and be almost wrecked by, the whirlwind; and before which in 1955, only 10 years later, the whole anti-communist world cowers in imminent danger of being utterly devastated by the tornado.

Here is the third incident. In July, 1945, Truman confirmed the Yalta agreement at Potsdam against the earnest advice of 50 high-ranking United States officers whose report to General Marshall accurately analysed the situation as it affected China, and forecast exactly what would happen. They made it quite clear that we did not need Russia in the war. Japan was already beaten, and to let Russia come into that war would be a calamity of the first magnitude. Yet in the face of all this Truman confirmed these Yalta agreements. See the Russell committee hearings, part IV, June 21, 1951, page 2916.

Here is the fourth incident. In November 1946, as the white paper on China states:

> The—Chinese nationalist—government's forces had occupied most of the areas covered by its demands to the Chinese communists in June and during later negotiations and had reached what turned out to be the highest point of its military position after V-J day.

Does this indicate in Chiang a man who is inept, a man who is corrupt, a man who is ineffective? Or does it indicate a man who towers above men in his character and ability? See Utley, page 16. All this in spite of Roosevelt, Truman, and General Marshall! I want to talk about General Marshall and what he did, by and by, and tell the outrageous things he did to Chiang Kai-shek in 1946.

This is the fifth incident. In September, 1947—remember now, after all the bad things that had been done in 1946—General Albert Wedemeyer, in his survey submitted to the United States president, said the—

> —Chiang government had large forces still under arms and was in control of all China south of the Yangtze river, much of north China, with some footholds in Manchuria.

This is a quotation from Beaty's "The Iron Curtain over America", page 118. This again in spite of the further abominations committed against Chiang by Marshall and Truman in 1946! I shall elaborate on those at a later time.

Here is the sixth incident: On July 17, 1949, Owen S. Lattimore, in an article in the *Sunday Compass* entitled "South Korea—Another China", pointed out that for the United States state department in relation to China, "The problem was how to allow them—China—to fall without making it look as if the United States had pushed them." There is no further word necessary.

An hon. Member: Is that verified?

Mr. Blackmore: Of course it is verified. I cannot verify everything in a minute. I shall verify that before the end of this year, and I think the hon. member will simply feel worse than a mouse.

Mr. Deputy Speaker: Order.

Mr. Blackmore: I quote this from "America's Retreat from Victory", page 159.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but I am obliged to advise him that his time has expired.

Mr. Blackmore: Thank you, Mr. Speaker.

Mr. A. H. Hollingworth (York Centre): I should like to make some observations about the Far East, Mr. Speaker. I shall simply say of Europe that, although the situation is fraught with danger, it is by no means fraught with disaster. I am not so cheerful about the Far East, however. I believe that most Canadians are alarmed about the inconsistencies and what seems at times the belligerency of United States foreign policy in Asia. I feel that the time has come for some plain speaking.

I believe it was Secretary of State Dulles who said that Canada is no satellite of the United States, and I feel we should make that fact abundantly clear. It is clear that the explosive situation in the Far East results from the clash of interests between the United States and communist China, and also from the chief satellite of the United States in that area, nationalist China. As a fundamental premise we can readily divest ourselves of the pernicious influence of the communist propaganda gramophone theme that the United States is a world aggressor intent upon thrusting the American way of life down the throats of others. One cannot live in Canada and believe that the United States people are imperialists. But one can believe they can be misguided, albeit they are perfectly sincere. This is the nub of my submissions today.

It will be recalled immediately how important the Marshall plan was in the rehabilitation of Europe. This was a magnanimous and generous stroke which I believe mirrored the feelings of individual United States citizens. We all believe in the objective of world peace, but this does not imply that we agree on the means by which it may be achieved. As Milton said, one has the right to think, to utter and to argue according to one's conscience, and it is that opportunity I am availing myself of today.

Toward the end of 1954 most Canadians felt that progress was being made in working out a *modus operandi* with the communist world. It appeared that President Eisenhower had taken over active command of the United States foreign policy. The majority decision of the joint chiefs of staff to participate in the defence of Dien Bien Phu and in the prospective defence of Quemoy were both vetoed by the President. Some attributed his change of attitude to the visit of Sir Winston Churchill to Washington in June; others thought it was because of his realization of the awful consequences of the H-bomb, and still others thought it was the result of the enthusiastic reception he received on the hustings during the congressional election, when he talked about a world at peace. Whatever the reason, it was gratifying to hear less blustering from the state department, particularly in reference to the Far East, and to hear more emphasis on the constructive working out of a *modus vivendi* with the communist world. It was widely felt here that the President was firmly exercising his presidential prerogative in foreign affairs and was a better judge than his advisers on the great questions of war and peace, and that he truly reflected the feelings of that great nation.

Now, Mr. Speaker, we are confused again. We thought Chiang Kai-shek was to be restrained, and now we fear he may be unleashed. Pronouncements from the state department have again become turgid and equivocal. Is the seventh fleet now to defend Quemoy and Matsu, which Sir Anthony Eden recently asserted were indubitably Chinese?

Mr. Speaker, I should like to make a few comments on Quemoy and Matsu. It was both gratifying and reassuring to hear the Secretary of State for External Affairs state that any eruption there would not be our war. Mr. Speaker, we have no business at all intervening in a civil war struggle over those islands. Hon. members know that the question of whether or not the United States would fight over those islands rests with the President, and I agree that Mr. Eisenhower is a humble and sincere man dedicated to peace. But the basis upon which he is to make a decision, I understand, is whether or not he believes that the Chinese communists will use Quemoy and Matsu as a springboard for an invasion of Formosa. Therefore at best the President's opinion will be only a guess, and the peace of the world, I submit, is too important to hinge upon the guess of even such a good man as the President.

In February it will be recalled that congress gave the President carte blanche to defend Formosa and "such related positions" as he deemed necessary. Then came the revelation that Britain and Canada would not support such a policy, particularly as this position seemed to involve Quemoy and Matsu. The ground-swell of public opinion in the United States against the administration's ambiguous policy slowly grew into a perceptible roar.

In the April 3 edition of the New York *Times*, Governor Harriman of New York was

quoted as saying that the administration's policy disregarded "the sensibilities of either our Asian or European friends and allies", and then he went on to say, "It has not only been illogical but deadly dangerous to arrogate to ourselves"—meaning the United States—"the sole responsibility for decisions which involve the future of many peoples."

Senator Spessard Holland, a conservative Florida Democrat, issued a statement indicating only public resistance in his state to going to war over Quemoy and Matsu. Mr. James Reston, Washington correspondent of the New York *Times*, pointed out in the issue of April 3 that to argue that the defence of the offshore islands is necessary to the defence of Formosa is almost like arguing that the loss of Staten island, a ferryboat ride from Manhattan, would jeopardize the defence of Bermuda. He went on to state that this argument is made against the testimony by the joint chiefs of staff, and that they can defend Formosa even if Quemoy and Matsu are taken.

As a result of all these audible rumblings of dissent the administration began discussions with Britain, Canada and other allies on the possibility of a joint guarantee for the defence of Formosa. Conceivably this could be a face-saving substitute for the original demand for a cease-fire as the price for yielding Quemoy and Matsu.

Then Mr. Adlai Stevenson, in an important and significant foreign policy address, urged the administration to consult with its friends and allies, and even the uncommitted Asian states, asking them to join with the United States in an open declaration condemning the use of force in the Korean straits and to agree to stand with the United States in the defence of Formosa. Alternatively he suggested that the United States submit a resolution to the United Nations general assembly to condemn any effort to alter the present status of Formosa by force. It is interesting to note that the day after Mr. Stevenson made the speech, Secretary of State Dulles in effect endorsed Mr. Stevenson's speech, and it would appear that Mr. Stevenson had smoked out a clarification of the administration's position.

I would think that Mr. Stevenson's first proposition woud be unacceptable to the non-committed Asian states, and indeed to ourselves and to Britain as well.

The Secretary of State for External Affairs has repeatedly stated in this house that our foreign policy in the Far East will be in consonance with the principles of the United Nations and with decisions made by that organization in the Far East. But a general assembly resolution would have, I should think, a good chance of success and, of equal importance, it would remove the terrifying responsibility for this decision from the shoulders of President Eisenhower and turn it over to the United Nations, where it belongs. I would humbly urge the Secretary of State for External Affairs, as a distinguished world statesman, to use his good offices toward this end, and if need be to take the initiative in bringing this before the United Nations assembly.

May I now consider those countries in the Far East where the yeast of revolution has been most ceaselessly fermenting. Countries such as India, Pakistan and Ceylon have now achieved independent status within the commonwealth. Indonesia, Burma, Indo-China and the Philippines have achieved self-determination. Siam alone seems to be wallowing in the past. Japan is rapidly recovering from the ravages of war and defeat. But the key country in Asia is China, which has undergone a successful revolution, and a complete one too.

Briefiy the fundamental *raison d'être* of the Asian revolution is that it is a struggle for self-determination against the colonialism which reached its peak in the eighteenth and nineteenth centuries. The people of the Far East are impressed more with the positive materialistic achievements of Russian communism than depressed with the ruthless and abhorrent extirpation of the freedom and dignity of the individual. They want food; they want to be treated like human beings. As Mr. Adlai Stevenson put it so succinctly, "They want rice and respect".

As for the Chinese people's government, there seems to be incontrovertible evidence that they are the effective government of over 500 millions of Chinese. At Geneva they were recognized as such, as the *de facto* government. Most of the important Asian countries as well as the United Kingdom and the Scandinavian governments, among others, recognize the People's Republic of China as the *de jure* government as well.

In spite of the brusqueness and even rudeness which characterizes their dealings with the west, in spite of their truculence and obstruction, they are governing China, moving into a hiatus created in great part by the misgovernment of Chiang Kai-shek and the Kuomintang so that in effect it was not difficult for the communists to take over.

That Chiang, the successor to the redoubtable Sun Yat-sen, should fritter away the basis of a Chinese democratic state and lose the democratic revolution by misrule is, I submit, one of the tragedies of our times. So I say we should consider recognizing the government of the People's Republic of

China, but make it contingent upon a general settlement in the Far East, particularly concerning the question of Formosa, through the United Nations.

It is simply a matter of facing facts. It is trite to say, but should be reiterated, that recognition does not mean approval. We certainly do not approve of the totalitarian policies of the Soviet union, but we recognize her existence and her government. I believe Mr. Churchill put it most neatly. In stating the difference between recognition and approval he said, "Mr. Speaker, I recognize the member for Ebbw Vale", who is, of course, Mr. Aneurin Bevan, "but I don't like him."

Second, we can never expect China to enter into a *modus operandi* with the west if we fail to make the fundamental overture of diplomatic recognition. It should never be forgotten that the Chinese revolution was primarily an indigenous one. The men of the long march were certainly not Russian satellites, as Professor Dennis Brogan has said. But our present policy of treating them as pariahs in the human society serves only to throw them more and more tightly into the willing arms of the Russian bear.

This policy I advocate seems to me to be plain common sense. I am not advocating a neutralist policy for this country. I aver unreservedly that our star is firmly placed in the western firmament; but in Asia I am much more willing to listen to Prime Minister Nehru, who is an Asian, a fellow member of our great commonwealth, and a firm democrat, than to the tergiversations of the state department and the bellicose vacuity of the so-called China lobby.

I concur in the reasoning that Formosa should be placed under the aegis of the United Nations for the time being. It is true that in the 1890's Formosa was ceded to China and then subsequently recaptured by the Japanese, but I submit it is only fundamental justice to see how the Formosans feel about it. After all they are not Chinese, nor are they Japanese. It would seem to me that this would be a good spot to apply the principle of self-determination. But by no means let us be drawn into a shooting war over Formosa. I would say that the quickest way for the west to alienate the numberless masses of Asia is to start dropping bombs on China. Of course, if a world war should erupt our position is irrevocable.

Let us, therefore, strive to use our good offices to effect an equitable and just solution in the Far East. Let us make every effort to avoid a world holocaust which in Sean O'Casey's phrase would make us "step over time into eternity". My respectful submission is that the means I have just outlined are essential and imperative to that end.

(Translation):

Mr. Leon Balcer (Three Rivers): Mr. Speaker, this morning's newspapers told us that the Chinese communists were engaged in intense military preparations and that the United States had sent their chief of staff and their under secretary of defence to Formosa to inquire into the situation on the spot.

It is quite evident that there remains an imminent danger of war in the China sea and the Chinese question is the most serious of all those facing us at this time.

There seem to be many doubts here, in Canada, with regard to the position of our country in connection with this problem. The policy of this country, in spite of a great many speeches and statements from our minister, remains as vague as before. In any case, there is nothing new in that.

We need only remind ourselves that a year ago, approximately, on a tour around the world, our Prime Minister (Mr. St. Laurent) stated while in Asia, in the Philippines, to be exact, and in Korea, that sooner or later this country would have to recognize communist China. The Prime Minister made that statement at the time he was in Korea visiting our troops who had just fought against the army of this same communist China. The reaction, in the country, to statements of the Prime Minister was one of surprise especially since he took good care during the same trip not to land in Formosa and visit the Chiang Kai-sheks.

There must have been, also, an extraordinary reaction to those statements of the Prime Minister within the United States state department.

One must hope that the Prime Minister at that time wished to convey, in a somewhat naïve way perhaps, that Canada would be ready to make every sacrifice to ensure peace to the world, that our country wished to be on good terms with every nation of the world even with communist nations and that we are a peaceful nation adverse to the waging of war against anyone. But today our government is moved by a vastly different purpose, and it goes to the other extreme. Where before it wanted to flirt with communist China, it is ready now to commit our country. And it lets the United States know that it would be unthinkable for us to remain neutral if they were engaged in a major war with that

same communist China that our own Prime Minister was ready to recognize just a little over a year ago.

Of course conditions have changed in the last twelve months. As a matter of fact the United States have decided to defend Formosa for Chiang Kai-shek and, what is more tragic, to defend the islands of Quemoy and Matsu.

The danger of war is extremely serious at this time in the China sea. The Chinese nationalists and the American military leaders claim that the islands of Matsu and Quemoy are necessary for the defence of Formosa. They wait only for the decision of the President of the United States to defend them and to keep them in the hands of the nationalists, even if those islands cannot be defended without invading the mainland or resorting to atomic bombing. And yet the disastrous effects of the Hiroshima bombing on the moral prestige of the Americans among Asiatic peoples is something that can never be measured.

Even England, faithful ally of the United States, refuses to become involved with our neighbours to the south, and does all she can to restrain them. Canada should follow this example and urge Washington to let these islands go, as they cannot be defended anyway. As far as Formosa is concerned, let us hold a referendum there under the guidance of the United Nations.

That would be better than to make speeches like the one delivered in Toronto by the Secretary of State for External Affairs (Mr. Pearson), a speech which conveys the impression that this country was in a hurry to commit itself and that this government did not want to miss the opportunity to embark upon another international venture.

We have international obligations as a NATO member, and also as a member of the United Nations; but that is apparently not enough, because one of our ministers had to anticipate conclusions and make statements equivalent to this completely colonial slogan: "When the United States are at war, we are at war".

Obviously, our allies to the south are our closest allies, and any international problem which our allies have to face affects us. We must therefore give them all possible support inasmuch as they are the most powerful western state which has to assume tragic responsibilities and to lead a cold war against the Soviets and their puppet states.

But there is a difference between this and going as far as to tell the whole world that every major war involving the United States will also involve us.

In 1914 and 1939 Canada was engaged in major wars in which our participation was meant to save the very existence of democracy in the world. Nevertheless, in the first world wide conflict our friends to the south waited until 1917 before they declared war. During the last war they waited until they were attacked at Pearl Harbor before taking up arms on our side.

Apparently, though, the government believes that this country must commit itself to any kind of adventure.

Mr. Lesage: On a point of order: Does the hon. member for Three Rivers (Mr. Balcer) mean by that that the Secretary of State for External Affairs recently stated that when the United States are at war, Canada is necessarily at war also?

Mr. Balcer: Possibly the minister did not mean that, but a large number of citizens of this country did receive that impression. If the minister so desires, he can always state his case later in the debate.

Mr. Martin: You know that that is not the case.

Mr. Pearson: That is not what I said.

Mr. Lesage: The member for Three Rivers knows very well that the Secretary of State for External Affairs never said anything of the kind and that nobody who has read his speech in good faith could ever come to any such conclusion.

Mr. Balcer: I am sorry to see the Minister of Northern Affairs and National Resources accuse those who gathered that conclusion from the minister's speech in Toronto of being insincere.

Mr. Lesage: Or else they did not read the speech.

Mr. Balcer: Or people who did not read the speech. However if the minister wishes to comment on my remarks he will have the opportunity to do so during the current debate.

Mr. Habel: You can do so on television.

Mr. Balcer: Formerly the saying was: "When England is at war, Canada is at war too". Nowadays, the old colonial motto is flourished under a different form: "When the United States are at war, Canada is at war".

What becomes of our independence with all that? The government seems to think little of it.

The minister may have spoken thus in order to obtain from the United States a more generous attitude toward us with respect to commerce.

Well, if that is the reason for his last speech in Toronto, you must admit that it has been a complete flop, as evidenced by the stand taken by the United States on the GATT agreements and, more recently, by the statement which was made on the oil issue by the Minister of Trade and Commerce and Minister of Defence Production (Mr. Howe), and the long silence of the American administration on that same issue. While the United States is reluctant to encourage the development of our oil resources which are essential for the defence of the whole western hemisphere, we are in a hurry to tell them that if they become involved in a major war we cannot but rush into that war at once.

It is obvious that the United States is essentially and vitally important for our trade. But it is unthinkable that our Secretary of State for External Affairs should commit our future and give up all thought of independence or neutrality in the event of a major war involving our neighbours to the south.

The policy of this government seems to be that Canada should take part in every venture and that her real independence can never be asserted.

Between recognizing communist China, an idea to which the Prime Minister was partial, and going to war against that country there is a middle road which it should be the goal of our Canadian diplomacy to follow.

(*Text*):

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, I object to the way in which this debate has been carried on. The organization of the debate has been bad. I see no reason for a debate being started about a month ago and carried on in this hit or miss fashion without any continuity whatsoever. But it has had one advantage, at least to myself. I was able to go home and talk with various groups of people about the declared policy of the minister, and to get the reaction of my own constituents, and have certain convictions of my own confirmed.

It is almost a truism to say that one of the affirmative purposes of foreign policy is to try to create such conditions that the people of Canada can live in peace and security. The negative aspect of foreign policy is to try to avoid war. On both counts I do not find the policy of the government at all reassuring. We had from the minister an analysis of the situation in Asia with which I find myself in substantial agreement. I think what he said was right. We are engaged in a battle for men's minds. We have to win that battle. The minister knows how to go about it; but what the minister has said and what government policy is are two entirely different things without any reference whatsoever to each other.

The minister gave an analysis of Formosa, and my feeling was and still is that to some extent he was giving the Pentagon the green light to go ahead. But not even the Pentagon has gone quite as far in some ways as has one of the minister's colleagues. I suppose it must have been with some trepidation that the government learned that the Minister of Trade and Commerce (Mr. Howe) was going to Australia. Possibly they were worrying about what he would say, what commitments he would make and what statements of policy he would enunciate which would provide some embarrassment for those left here.

The minister told us in his speech that we have engaged in no commitment to share in the defence of Formosa; he said that our obligations in this matter arise only out of our responsibility as a member of the United Nations. But apparently his colleague, the Minister of Trade and Commerce, is not of the same mind, according to a press dispatch today, part of which is in direct quotation marks. It is again possible that this is another evidence of the occupational disease of ministers in being misquoted, as referred to by the hon. member for Nanaimo (Mr. Cameron). However, as I say, some of this is in direct quotation marks. This dispatch is dated Canberra, Thursday, April 21, and is by the British United Press. The minister was attending a press conference and the report reads:

> "Canada agreed with Australia's stand on the Formosa crisis," he said. "We take the same view as Prime Minister Menzies and are prepared to go full out for Formosa but I do not think we can go full out for the offshore islands of Quemoy and Matsu which historically are a part of China."

Here is a new enunciation of government policy. The second in command in the government says the government is prepared to go full out for Formosa. We ought to know, and know very soon, whether this is a new statement of policy on the part of the government or whether the Minister of Trade and Commerce is giving assurances to the Australians which I am convinced the people of Canada are not prepared to give.

If the Minister of Trade and Commerce is labouring under what I hope is a delusion and misapprehension, is it not conceivable also that our friends to the south may be labouring under the same delusion and misapprehension as to what is the real opinion of the people of Canada? When the hon. member for Prince Albert (Mr. Diefenbaker) was speaking in this debate he told the minister that when speaking in the house he had watered down the remarks he had made in Toronto. I read the speech which the minister gave in Toronto, and I listened to and read his speech here. I probably have no knowledge whatsoever of semantics, but if there was any dilution it was not obvious to me.

I think the hon. member for Prince Albert was labouring under the same sort of delusion as certain newspapermen in Ottawa were labouring under after the visit of the United States secretary of state, Mr. Dulles. After Mr. Dulles had spoken I read in several newspapers that members of parliament were impressed. Perhaps that was the right word to use, but I am not quite sure in what context they used the word "impressed" because some of us were so impressed—that "some" extends beyond the members of my party—that we had some difficulty falling asleep that night just wondering what the secretary of state of the United States had in mind.

What the minister of external affairs said—and this is the important part—was that if the people of the United States were engaged in a major war in which their very existence as a people was at stake we could not stay out of it. The question arises as to who decides when the existence of the United States is at stake. Is it going to be the prerogative of this sovereign parliament to make that decision, or is it going to be decided for us outside the borders of this country? Perhaps that is a matter which only time will decide, but as far as we in the C.C.F. are concerned this parliament and this country are going to make the decision, and nobody else is going to do it for us.

We are faced with problems in Asia which we either solve or I think we may perish. The United States feels that communist aggression in Asia is a menace to its security. The United States feels that further aggression must be stopped. I cannot see how the offshore islands of Matsu and Quemoy, if they were occupied by communist China, would be a menace to the security of the people of Canada. As a matter of fact I cannot see how the occupation of Formosa by the same troops would be a menace to the people of Canada.

There are others who disagree with me. I am certainly not advocating the handing over of Formosa to Peking, but I fail to see, in terms of logistics or anything else, how the occupation of these offshore islands can possibly affect our security. But there are those in the United States, and some in high positions, who affirm that their security would be imperilled were the offshore islands to be lost.

The United States feel that the Chinese want to control southeast Asia, and I think they are quite right. Therefore the United States feel that they must persuade as many as possible of the people in southeast Asia to join them in a fight against communism. In that respect they are all wrong, because the people of southeast Asia are not remotely interested in this western fight against communism. They are most interested in the fight against poverty, and I think we can save them for our side if the policies as enunciated by the minister are carried out by the government.

On the other side of the medal, China feels that the presence of the nationalist government in Formosa is a constant threat to it. I happen to disagree. I do not think that Chiang Kai-shek and his troops present a menace at all to the mainland of China. Nevertheless I wonder how I would feel if I came from British Columbia and there was a potential enemy power on Vancouver island. I think I might feel as the Chinese do with a hostile government within 200 miles of their borders. The Chinese feel that Formosa is a threat as long as Chiang Kai-shek and his myrmidons are there; it is a threat which has to be eradicated. They know that the United States has entered into an alliance with the nationalist government in Formosa. They know that air bases will be made available to the United States, and it is an elementary step in logic that if Formosa is a threat to Chinese security these bases have to be destroyed.

We are facing the irresistible force and the immovable object, and if they both persist in following the same path they have been pursuing in recent months then tragedy may ensue. But if sanity supervenes the situation might be saved. If it does not, with what are we faced? There might be in the United States conception a war of survival, because I do not believe that a war over the offshore islands can be a limited war. I do not believe that a war between two major powers can be a limited war. Once it starts, it goes, and it goes completely. However, I offer this opinion. I do not think there is going to be war over these islands, because I think there is a growing revulsion among the people

of the United States against it, despite the fact that there are those near the top of the administration who perhaps would be willing to indulge in such a dreadful venture. But the feeling of the people of the United States is communicating itself to those in authority and that, combined with the fact that the President knows what war means, may be our greatest safeguard.

Nevertheless there are those in the United States—and again those in high positions—who are willing to see us go to war over these offshore islands. Perhaps they have not followed out the logic of their thoughts. If they did, I submit, they would arrive at a picture as black as it is possible to paint. If the United States decides that the security of Formosa depended upon the offshore islands, they will fight for those offshore islands. The Chinese maintain that they are Chinese territory; I agree. They are going to try to take them.

The question is, how will the United States conduct such a war? We have been told on high authority that if the coastal batteries in China fire, as of course they will fire, on the offshore islands, these coastal batteries will have to be obliterated. It would not only be the coastal batteries that would fire on the islands. Surely aircraft would be used also. Therefore the bases from which these aircraft come would have to be wiped out, but how would it be done?

I think all we can do is study with some care the statement made by the vice president of the United States in a speech he made in Chicago on the 17th of March of this year, according to the report in the Montreal *Gazette:*

> Vice-president Richard M. Nixon today warned the Chinese communists in the bluntest of terms they will be met with atomic weapons if they embark upon "an additional aggression".

This is the vice president of the United States.

> "It is foolish", he said, "to talk about the possibility that the weapons which might be used in the event a war breaks out in the Pacific would be limited to the conventional Korean and world war II types of explosives. We are not prepared to fight that kind of war. Our forces could not fight an effective war in the Pacific with those types of explosives if they wanted to."

That is the word of the vice president of the United States, one who but for the grace of God might conceivably be president if the present incumbent should die in office. If the Americans decide to use atomic weapons on China the result for the Chinese will be terrible. The result for the Americans will be devastating, for all that will result will be that all of Asia will be united emotionally behind China.

Asia has not forgotten the atomic bombs which were dropped on an Asian country. I think many Asians are still aware, as we are, that in 1945, the Americans had broken the Japanese code. In July, 1945, the Americans knew that the Japanese, through the instrumentality of Molotov and Moscow, were putting out feelers for peace. They knew that all that was stopping the Japanese from suing for peace were the terms of unconditional surrender. In July, 1945, the Japanese were virtually beaten. After July, 1945, atomic bombs were dropped in Asia, specifically in Japan.

Asians have not forgotten; neither, I think, have we. But if we take the word of the vice president of the United States, atomic bombs will be used in a new war. The Chinese after all are human beings, as we are, and they will have a desire to hit back. They will have a desire for revenge, and we would be living in a fool's paradise if we dreamt for a moment that they had not a stockpile of their own atomic weapons, not necessarily made in China but supplied to them by their friends in the Soviet union. We might be careless were we to assume that the air force the Chinese have is such that they do not have long-range bombers; and if they have long-range bombers, even though they can fly only on a one-way mission, and if they have an atomic weapon, I suspect that they will be strongly tempted to use it.

The quickest and easiest way would be over the north, where we have radar screens which may be sufficiently adequate to spot hostile planes, although I am quite sure that visual observations would be used to check the situation. The moment hostile planes are known to be flying over North America or over the Canadian north every American station across the world is alerted. We also know that; and when the situation comes, apart from the fact that our own skies will be darkened with interceptors, it only needs one blunder for the instruments of death to be launched on their way.

In a modern war one does not attack cities, one does not attack industries, one attacks airfields from which opposing aircraft can take off. I am quite sure that the Americans have many Soviet airfields pinpointed, but I am quite sure there are many which the Americans and we know nothing of, and if the final tragedy happened I am certain there would be reciprocity of the worst kind, which would mean thermonuclear war. I do not think it will happen, but it conceivably could, and it could happen this year unless sanity prevails.

As I said earlier, I do not believe there can be a local war between two great powers. But suppose the United States, even in a localized war, finds itself in conflict with China; what is the position of American troops in this country? After all, what is the position of belligerent troops in a neutral country? What would we do? Would we intern them or would we hand them over or convey them to the border and set them free in the United States, or have we a new concept of neutrality, as I think we have—all help to our allies short of manpower? That is a hypothetical question which may not need to be answered; nevertheless, even assuming that wisdom prevails and there is a withdrawal from the offshore islands, the problem is not solved.

One of the things which obsess many in the state department is the fear that the United States will be regarded as a paper tiger. To some extent it is a sign of immaturity, but it is a definite fear on their part. If they come to be regarded as a paper tiger the only answer I can give is that their blundering diplomacy has brought about the situation. Yet I would sooner see the United States regarded as a paper tiger than think that Canadians should have to go and fight for United States blunders.

But there is another fear, namely that the morale of Chiang Kai-shek's troops on Formosa will be hurt or will perhaps be ruined if we give up these offshore islands. Again I answer quite simply that I would sooner see that morale totally destroyed than see one Canadian killed fighting for Chiang Kai-shek and Formosa. As far as we are concerned in this party, not only are we not prepared to support any war for the offshore islands, but we will not support any sort of war for Formosa as long as Chiang Kai-shek is there. If there is any validity in what the Minister of Trade and Commerce says, then there is going to be a fight in this country; because we will fight this issue not only within parliament but in every area across Canada.

We have no business getting into a war to protect Chaing Kai-shek and his admirals and his generals in Formosa. If Chiang Kai-shek is not an interloper in Formosa, that means that Formosa is Chinese territory. We have no right getting into a Chinese civil war. If he is an interloper I see no reason why we should have to fight for him. The internationalization of Formosa has been asked for. That may be a solution. But Chiang Kai-shek must be removed. I am not going to say that he should be put on a modern Elba, but perhaps the China lobby in the United States could act as host to him for an indeterminate time. At least let us take him out of circulation in the Pacific area.

One thing the minister asked us to do was to try to find out what the Asian objectives are. Premier Chou En-lai some months ago said this:

> Unless we establish a powerful modern industry, a modern agricultural system, modern communications and transport services, and a modern national defence we will not be able to shake off our backwardness and poverty.

I think what Chou said would be accepted by most Asians. They are determined to achieve equality, and with every justification in the world. They are tired of being treated as subject people—as coloured people. We talk—and I have the unhappy feeling that we do so disparagingly—of the coloured people in Asia. Mr. Speaker, white is also a colour. In our own way we are just as much coloured people. Also we cherish our religion of Christianity. I am sure they cherish their own faith in precisely the same way we cherish ours.

A year ago I spoke in debate at the time of the meeting in Geneva, and I referred to the desire of the Asians to be rid of colonialism, their desire to be free and their desire for equality as well. In the opinion of the Asians the only way this equality can be manifested is through a vast program of industrialization throughout the various countries. The Asians are going to decide their own destiny. They are going to choose their own friends. The less we have to do with deciding their destiny, except in a co-operative way, the better it will be. We must realize that revolution is going to be the order of the day for many years in Asia but we should realize also that revolution of that sort can conceivably be quite bloodless. Yet we are afraid of revolution. We who are the creatures, the children of revolution are desperately afraid of seeing it in other places. Let me quote this:

> In fostering revolutions wherever they show themselves, in regretting those which have failed, in extending a helping hand to those which seem to prosper, they lend new strength to the apostles of sedition and reanimate the courage of every conspirator.

That is not a statement by some member of the state department about the Soviet union. It was spoken 140 years ago by Count Metternich and he was describing the United States, and quite rightly so, because America was then trying to grow into nationhood. She had had a revolution. The revolution was essential to her nationhood and her well-being. Now we are unfortunately reaching the position that the United States and many others wish to deny this right to Asia. It is amazing how soon the most

ardent revolutionaries become the staunchest supporters of the status quo. We ought to remember that we are all the children of revolution, and that if other countries want to indulge in the same practice they should be allowed to go to it.

Furthermore, we had on this continent 140 years ago what was known as the Monroe doctrine, which worked, due in part to the tacit approval of England. What would happen if the Asian nations decided they were going to have their own particular Monroe doctrine in Asia? What then would we think? Would we think they are criminal or venal and that they must be stopped, or do we concede to them the right which we ourselves have?

There is just now going on a meeting at Bandung which all of us are watching with the greatest interest. I do not expect too much from it, but it may be significant. I do not expect too much because there are many disparate and diverse elements there. There are many conflicts of ideologies. There are perhaps those who aspire to take over the leadership of Asia and who find themselves in conflict with others.

Agreement will be difficult on various matters, but agreement that colonialism must stop will be unanimous. Agreement that there must be the greatest measure of freedom for the people of Asia will be unanimous. Agreement that the standards and conditions of the people in Asia must be raised will be unanimous, because it is disgraceful to think that human beings in Asia who, by our Christian doctrine are the children of God, have a life expectancy of some 27 years. They know nothing but poverty. To expect them to share our fight against communism is to ask far too much of them. What we must be careful about is this. We must not try to draw our specifications for Asia. Let them draw their own blueprints. Let them have their own plans to fit their own needs. Then by all means let us go in and help them. But above all let us help them in every way possible toward achieving that equality of status which they themselves want.

However, one task beggars the imagination. By and large the village is the communal basis of life. It is true that there are cities, but there are not many of them in comparison with the number of villages. The village is the centre of life. It is the centre of the religious beliefs of the people. Their headman is in the village. The local priest is in the village. They have village discipline. There are village mores. There is a sense of belonging, a sense of community, in the village. There is also starvation. There is also a subsistence level of which the people in Asia are determined to rid themselves.

If industrialization on a large scale is going to start in Asia, there is going to be an efflux from these villages into the towns. We remember the human havoc created by the Occidental industrial revolution. That havoc will be nothing compared to the human havoc which will be wreaked in the Orient unless the west is prepared to come to their assistance. It will be the sort of social havoc in which communism will breed unless the west is prepared to come to the assistance of the various countries. Asia is determined to go ahead with its industrial revolution. The people know the chances which must be taken. They are prepared and determined to take those chances. They are going to need capital, obviously. They are going to need long-range education. They are going to need improvements not only in the myriad of villages but in the cities; I refer to improvements in the way of health, sanitation, and the building of hospitals. They are going to need help in the techniques of industry.

I think that is where the west can play a significant part. With the help of our artisans, craftsmen and social welfare workers, our doctors and our nurses, we must be prepared to place at their disposal whatever resources we have when they request them. But they need capital. There is so little capital because there is so much poverty. After the last war the Russians accumulated capital by fastening on their people a most repressive regime in which life did not count so long as there were savings arising out of production, which savings could be channelled into industrialization. Conceivably, that will happen to Asians, unless they are helped. Those nations which are able to help are the ones which have savings like those of us in the west, savings which must be invested and which could be invested in no better way than in helping to improve the standard of living of the Asian people. We shall have to be prepared to support land reform, no matter how obnoxious some of us may find it.

I am afraid we shall have to encourage nationalism. I never for a moment thought that I would encourage nationalism. I do not like it. Nevertheless, Asia is going through a period through which the western nations went 100 years ago. Nationalism is in the air in Asia, and what I fear is that the Asian people will absorb our vices without at the same time assuming our virtues. But it is a stage through which they are going, and therefore we had better realize it. We ought to be doing all we can to assist them. The great

problem is going to be that they are not going to take 100 years to achieve their hoped for equality through industrialization; they are going to try to do it in a generation if they possibly can. Earlier, I mentioned very briefly some of the problems which would be faced. The minister knows them. The minister has said that all sorts of aid must be extended to Asia, and still we give this miserable $25 million per year through the Colombo plan, and a smattering of dollars here and a smattering of dollars somewhere else.

Mr. Knowles: Oh, but they are raising it to $26 million.

Mr. Stewart (Winnipeg North): They are raising it to $26 million, but if they raised it to $260 million it would be a lot better. In the last few years we have spent billions of dollars on antiquated, outmoded and archaic forms of defence.

Mr. Pearson: So have the Asian countries.

Mr. Stewart (Winnipeg North): They may have, but we would have had much more defence had we used some of these hundreds of millions of dollars to do the things which the minister himself said should be done.

One of the obvious things to do is to provide, in part, the capital assistance which is required in Asia. But I do not want to see it done on a national basis. If it is going to be done properly, if it is going to be done successfully, it has to be done through the United Nations. There is no other way. Any one nation doing it on an individual basis is going to be suspect, human nature being what it is. The United States people were generous in the Marshall plan. The recipients of that aid have no greater love today for the United States than they had before the Marshall plan. The Marshall plan has helped them greatly as anyone can see from the European statistics on industrial production. But this has to be done collectively through the United Nations, as was suggested a few years ago. At that time a special United Nations fund for special economic development was suggested, with a request for an opening capital of $250 million. What was the position of Canada? Our commitments for defence were too heavy; we could not afford it. Instead of spending some of these tens of millions of dollars on outdated conventional weapons, which no longer are within the ambit of the new rules of war, would it not have been far better to use that money to help the nations of Asia economically and in other ways? But no; this government will not do it.

The minister will speak about it. The minister has the country completely confused. Canadians believe we are giving away hundreds of millions of dollars a year on the basis of the minister's speeches, yet on the basis of the government's action we are giving away an amount which is quite close to peanuts when we consider the need in the world. We have to help, but we have to help by understanding them. That is what the Asian people want. They want to choose their own leaders. They do not want to have reactionaries imposed upon them, as has been the case in the past. They do not want the Chiang Kai-sheks; they do not want the Bao Dais; and I doubt if many really want the Syngman Rhees. Their leaders must have the confidence of the people. It is conceivable we shall dislike their policies immensely, but so long as they have the support of the people we have to realize that if there are elected leaders in Asia who are going to carry on this fight against communism in their own way it will pay us to support them. It will not pay us to support them in the sense that we are in a position of sovereignty over them. We should support them on the basis of a partnership. We should support them on the basis of mutual aid.

The alternative is plain if we do not do it. The Asians will prefer their own form of communism to western imperialism. I do not think there can be any question whatever about it. The Asians have shown they can solve their own problem. All one has to do is to consider what happened in the state of Andhra in India, some few weeks ago, a state of some 20 million people, which all the commentators told us was threatening to go communist. When I read in *Time* magazine that this was the case I felt greatly encouraged because *Time* is lamentably wrong in most of these cases. What happened was that, although the communists pulled every trick out of the bag, nevertheless Mr. Nehru managed to so sway and arrange affairs that the communists were thoroughly trounced. This was done without any help at all from the state department, miraculous as that may seem. Really, I think the Asians are quite capable of solving their other problems in the same way if they get some help.

All I say is this. We cannot make allies of these people by asking them to join in the fight against communism. We are going to make allies by asking to join with them in a partnership in the fight against poverty and disease which has so afflicted them, and which is so implicit in the minister's speech but which is denied so explicity by government policy. We see what the anti-communist regimes can do in India, in Burma and in Indonesia, but there are others who need our help. What we have to realize is

that the fight in Asia is not between western ideas and communism; it is not between western standards and communism; it is not between western economics and communism; it is not between western capitalism and communism. It is a fight against poverty. Until we realize that, and until we are prepared to play our part in combating that poverty, we are going to continue to lose out.

I believe the time has come when the western powers have to make up their minds exactly what they are going to do in Asia. We cannot be the victims all the time of the policies of the United States which leave us confused and unhappy, not knowing what is to be done. There is one good thing to be said for the actual fact of United States policy, it is providentially a far different thing from the numberless policies which are given out and emitted by the brass hats in the Pentagon and the would-be Warwicks in the state department and in other positions of influence in the United States. United States policy in action has fortunately been far different from the suggestions which have been made by the leading exponents of policy in that country.

So, what we have to do is to assure the Asians that it is our objective to see that they are freed from foreign domination and that they have leaders of their own choice. We should show them we are prepared to co-operate with them in every way possible to raise their standards of living, socially and economically. The alternative is plain. The alternative is years of stress, perhaps not years of terror, but years of alarms and excursions and threats, leaving some more and more despondent and others more and more despairing.

I was reading a book of Lewis Mumford's the other day, and he quoted a letter from a correspondent which went as follows:

> Each culture evolves a characteristic gesture that symbolizes its essential values. Thus Christianity brings to mind a suppliant figure on its knees in prayer; the Buddha sits in the calm of eternity with snails in his hair. The gods and Pharaohs are seated—great granite figures of power. There is in these postures an element of the ultimate, an expression of a transcendent attitude.
>
> But what, pray, is our posture upon having miraculously touched the innermost sources of nature's power? Our school children here in the backwoods of my village are taught in daily drill to duck under their desks when they hear the syren blow. The citizenry here built themselves deep underground shelters where they are to cower while their civilization is blown to atoms. And those not fortunate enough to grovel in fear and trembling underground are taught to fall upon their faces in the gutters of their cities and await their doom. Prostrate, our heads deep in the mud, we face the future. Such is our posture.

If we were to accept that, then we would believe we were moving inexorably toward extinction. And it may be so; but I do not believe it. Obviously this letter is written by one who has become disillusioned, and in turn whose disillusionment has led to despair. Disillusionment might be a good thing; within limits it certainly is. But I see today no rhyme or reason for despair if we do the things we know we ought to be doing. I have no sense of despair, but I have a sense of frustration and a sense of anger. I am angry with a government which, by its blindness and by its refusal to act, by denying its own minister's policy, may perhaps save itself dollars, but conceivably could help to lose a civilization.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, usually I find myself in large measure in agreement with the hon. member for Winnipeg North (Mr. Stewart). I do not disagree with a good deal of what he said today; but on one point I think surely, upon reflection, he must realize that he was on very weak ground. That was when he asked, what would we do in the event of war, if the United States was in that war and Canada was not? He asked whether we in Canada would intern Americans, or what we would do.

I am sure my hon. friend, who is such a strong supporter—as I am—of NATO, must realize that NATO is the last solid device we have in this world today, apart from the political device of the United Nations, to protect our security. I am sure the hon. member must realize, upon reflection, that he was talking directly contrary to the set-up of NATO. Of course if the United States got into a war, and Canada did not, the uniformed forces stationed in Canada or in any other part of the North Atlantic Treaty Organization area would have every legal right to remain there, and to operate there.

I think, too, if my hon. friend will look back in history he will see that there have been other great historic occasions when one part of the world was engaged in war and another part was not; and yet that did not compel the part of the world that was not technically at war to apply all of the technicalities of neutrality.

I think my hon. friend will remember that when the two great world democratic leaders, Winston Churchill and Franklin Delano Roosevelt, met on a battleship at their historic conference off Newfoundland, there was no attempt on the part of the United States naval forces to intern that person who called himself "naval person", simply because he happened to be wearing the uniform of the British navy.

And when I am on the subject of Franklin Delano Roosevelt and Mr. Churchill may I say that I am glad to see in this debate, unlike the debate that took place on the same subject on February 12, 1953, members of the Social Credit party have not taken quite so anti-Roosevelt a position as they did then, when the leader of that party said, as reported at page 1881 of *Hansard:*

> But, Mr. Speaker, when the full history of these times is written, when all of the facts have been brought to light, there will be many people who will say that the past two presidents of the United States have been the great betrayers of humanity.

In my opinion that was one of the most unfortunate statements ever made in any British parliament; because if the people of the British commonwealth ever owed a great debt to one personality, they owed it to that very great Democrat, the late Franklin Delano Roosevelt. Nowadays, when it is the fashion to debunk so many people and to besmirch and belittle so many people, and with people making a lot of money debunking persons such as Lawrence of Arabia, and when people can make money by making offhand comments about what was said or supposed to have been said at the Yalta conference, I wish to say that in my opinion we never would have come through the great world crisis, and we would not be here today debating how to deal with this latest menace with which the free world is faced, had it not been for the great support we got from that great-hearted Democrat, the late Franklin Delano Roosevelt—even for years before the United States was technically in the war.

Mr. Low: And we would not have had the problems we face, either.

Mr. Philpott: I would like to hear from members of the Social Credit party in the house perhaps a little bit of the new approach I read the other day in a newspaper. We all know someone has said that you cannot believe everything you read in the papers. Sometimes it is denied.

Mr. Knowles: The hon. member ought to know.

Mr. Philpott: However, I am giving the organizer of the Social Credit party, and also the business manager of the "Back-to-the Bible" hour, Mr. Orvis Kennedy, credit for accuracy and sincerity. He said something the other day to the effect that perhaps we should try gestures of good will to these 600 million people of China, that perhaps we should even give them some gifts of our surplus wheat, and see how they would react to that.

I am not suggesting that is a practical proposition; but when I compare the spirit of that statement with the spirit of what we heard this afternoon from my very good friend, for whom I have a warm feeling in my heart, the hon. member for Lethbridge (Mr. Blackmore), then I think I would have to go along with Mr. Orvis Kennedy and not with the hon. member for Lethbridge.

When I hear these fulsome flatteries, these fulsome compliments, to Chiang Kai-shek—and I for one will not say one word in disparagement of Chiang Kai-shek or, for that matter, any other Chinese statesman today—I think that sometimes it is an advantage to have held a job for a long time. I happen to have been in newspaper work in Canada for 33 years, and my memory goes back to some of the very first articles I wrote. These were in the years when Chiang Kai-shek was winning southern China. I think I could even dig up some of the old scrap-books; and if I dug up scrap-books and photographs I am sure I would find the Russian adviser, General Borodin, or General Galen, standing side by side with Chiang Kai-shek in the conquest of southern China. And I think if I were to dig up another news item I would find that in February 1943 I wrote an article for many Canadian newspapers stating that there was a state of disguised civil war in China between the forces of Chiang Kai-shek and those of communism.

One of my most prized souvenirs is a letter I received on the official letterhead of the consul general of China in Canada demanding a published retraction in Vancouver papers, and saying that there was never anything so nonsensical as trouble between the communists and the government of Chiang Kai-shek. And so I say that sometimes it is an advantage to have a long memory and to have had an experience in these times through which we are passing.

I intervene in the debate today to make only a few points. I wish first to compliment the Secretary of State for External Affairs (Mr. Pearson) upon what I thought was one of the most masterly exhibitions of practical diplomacy I have been privileged to see. And if we want to know what a masterly exhibition of practical diplomacy it was, all we have to do is to see what has happened subsequently in the United States. When I saw the technique of the Secretary of State for External Affairs first in his Toronto speech and also in this house, I wondered to myself just what he was doing, and then afterwards I thought I saw the point exactly. I thought that he made the most important point of all, and perhaps he made it first, namely, that in any life and death struggle, whether

we like it or not, we are indissolubly tied in with the United States. Whether we like it or not, in any such life and death struggle involving the United States and Canada, involving in practical terms, if we want it that way, the areas of northern Canada or any other part of the North Atlantic treaty area, which we are obliged to defend, we would be in that war from the first day and from the very first hour. Therefore, Mr. Speaker, we cannot too lightly take the view that anything that is happening out in Asia does not immediately concern us, even if, as the minister pointed out, we may have no direct commitments, or no immediate obligations for what happens there. I say that if we ever wanted proof that Canada counts when she speaks out in international affairs or, in a larger sense, that the British commonwealth counts when it speaks, either publicly or privately, to make peace, we have seen that demonstrated in the past month or six weeks.

We have seen a great modification of the United States policy, particularly in regard to those two disputed offshore islands of Quemoy and Matsu. The minister made very clear, not only on that occasion but on other occasions, that Canada believes they belong to or they are part of the Chinese mainland. These, of course, are my own words. It would be the height of folly to have a war over those two particular islands; but there is a quite different situation in regard to the larger disputed island of Formosa.

If we are to make our influence felt in international affairs, perhaps we should be prepared to speak out just as clearly on Formosa as Canada has already spoken out on the offshore islands. I for one sincerely hope that either Canada or some other member of the British commonwealth takes the initiative at the proper time to see that there is something in the nature of a United Nations trusteeship set up over the island of Formosa for a fixed number of years. I would suggest not too short a period; I would suggest about ten years. It seems to me that if we are to make our voice felt, even as practical peacemakers, we have to suggest something that takes into account the actual realities of the world in which we live, and one of the realities in the world in which we live is that, regardless of the legal or even moral position of the ultimate ownership of the island of Formosa, it is a position which, in the opinion of the responsible heads of the United States military, naval and air forces, is of considerable strategic value. I for one would not be too forward, or too brash, in suggesting to the United States that they should simply wash their hands of Formosa at a time when the Russian communist powers are in fact in an even more dubious position of legality in their occupation of the numerous countries of eastern Europe, including Poland, Hungary, Rumania, Bulgaria, and so on. But if we are to make a practical suggestion that has any chance of being accepted by the different contending parties, it might come out of this United Nations trusteeship idea. A United Nations trusteeship would fulfil the primary strategic objective of the United States military leaders. That objective has been stated by President Eisenhower himself, who said that they will fight, if necessary, to keep Formosa from falling into unfriendly hands.

A United Nations trusteeship would above all be fair to the people who live on the island of Formosa, and we could at least apply that principle of self-determination about which we have heard so often, as early as the first world war. Finally, I think a United Nations trusteeship might even get the agreement of the present communist government of China, because that government must know very well that if it comes to a fight they have no chance to take the island by force from the United States, if the United States wishes to try to protect it. Therefore I submit, Mr. Speaker, that perhaps Canada could make known in one way or another that she would solidly support a United Nations trusteeship for Formosa, and that it should be a stipulated number of years, and that at the end of that time the people of Formosa, in complete freedom, should be allowed to decide their own destiny.

If I understand correctly some of the subterranean half-interruptions that I hear from the other side, I might surmise that someone is saying, well, that is exactly what Mr. Attlee said in Vancouver last Saturday night. Well, Mr. Attlee did say it in Vancouver last Saturday night, and his vast audience, which was by no means composed entirely of supporters or adherents of the C.C.F. party, gave him the most tremendous ovation that has been heard in Vancouver in many a year. But I say that many other people said it long before Mr. Attlee said it in Vancouver last Saturday night. Among others—

Mr. Knowles: The hon. member for Rosetown-Biggar, three years ago.

Mr. Philpott: Among others, I would put the hon. member for Rosetown-Biggar a couple of weeks ago.

Mr. Knowles: Two or three years ago.

Mr. Philpott: The Prime Minister of India a couple of years ago and I think, in my own column, four or five years ago.

Mr. Knowles: That was before you became a Liberal.

Mr. Philpott: I now wish to turn for a minute, Mr. Speaker, to one other subject. The most important fact stated by the Secretary of State for External Affairs in his two speeches on major foreign policy was that, whether we like it or not, we are inextricably bound to the United States in any war involving the life and death of our two countries. Because we are, because that is one of the facts of life that we must accept, because it is true, Mr. Speaker, that if Russian planes ever do come across the north pole and are detected by that northern distant early warning radar alarm, or by any considerable number of the many tens of thousands of people whom we have already enlisted in the ground observer corps, we know perfectly well that, regardless of any formality, the war would be on, the whole thing would be automatic. The retaliatory forces would take off from this country and that would be it. But because it is a fact of life that we are inextricably bound with the United States, we have to exercise very real forethought and great foresight to prevent complications of our position.

I am not now going to refer to the many speeches and writings of the late Colonel McCormick of the Chicago *Tribune;* but there are people in the United States who have queer ideas as to the future of this North America. Among them has been my very good friend, a very fine gentleman, the new junior senator from the state of Oregon, Mr. Richard Neuberger, who only a couple of weeks ago in Canadian papers from coast to coast advocated what I would call the annexation of this country to the United States, which I thought had passed out with the Tories in the year 1849, when they stoned the governor general. Incidentally, I have always blamed them for doing that as otherwise the capital would have been in Montreal and not in Bytown or Ottawa where Queen Charlotte never fixes the potholes until tulip-time, and apparently this year there is going to be a great scarcity of tulips. As I say, this thesis of annexation went out with the time the Tories stoned the governor general in 1849. We have now had it resurrected from two different ends of the scale.

It is one of the facts of life in the world in which we live that the northern frontier of Canada will have to be defended much more strongly than it is being defended today. I for one want to make my voice heard just as clearly as I can that I am in favour of Canadians defending Canada. I am in favour of taking over the major responsibility, I do not say the entire responsibility, for defending the north of Canada. It is a fact that among the NATO powers we have become, in the famous words of Mr. Churchill, mixed up together for the common good. But I do say that we should take over the major responsibility for defending the north of Canada, that we should take whatever steps are necessary to see that the major job of defending that North American frontier is discharged by Canadians and with Canadian principles and Canadian policies in mind.

I for one would not want to give the false impression that I am in favour of bringing home from Europe any part of the strong air force we have there defending the western frontier. I had the privilege last autumn of visiting NATO headquarters in Paris and talking with one of the finest Americans I have ever met in all my life, General Nordstad. Sometimes when we over here on this side of the border listen to the radio or read the press, and sometimes wonder about some of the things the United States might be considering doing, if we had a chance to talk with a real American like General Nordstad we would come away with a great feeling of reassurance. You know that you could trust your life with that man; you know he would never give any order that you would not give yourself if the fate of the two countries was at stake.

When I see that we have very large forces stationed in Europe and when I read that strong pressure is being exerted by some quarters to station greatly increased forces in northern Canada and that there is some suggestion that perhaps if we have not enough Canadian forces to go around we should station a large percentage of United States forces in northern Canada, I for one am completely opposed to that suggestion.

I believe that Canada should be defended by Canadians. If we have not enough air force or enough ground troops to discharge all of our obligations, it would be better at the proper time and in the proper way to transfer some of the forces which we now have in Europe, have them take over the job of sentry duty in the north and have them replaced by United States troops which some people are now suggesting should be sent to defend our northern frontier.

While I am on the subject may I say that in my opinion the time is coming when we will have to have considerably more ground forces. I for one would like to see this

country experiment a bit and I have a suggestion to make to my very honoured colleague, the minister of defence, of whom I think all British Columbia is so proud at his having been given this big and onerous job, which he is doing so well. I should like to suggest to my colleague the minister of defence and to his colleagues in the cabinet that consideration should be given to a modification of an old plan that was used as early as the first world war.

I should like to see, beginning with November 1 each year, a period of training started for perhaps 20,000, 30,000 or even 40,000 of our young men. During the past few weeks I have been checking with people whose military judgment I respect and who should know about these things. They tell me that the proper kind of intensive training would turn out very useful soldiers after a six-months course. I for one would like to see this experiment tried.

I think one reason why many of our young men are not joining the armed forces is the length of the period of service. Not long ago I checked to find out why more men were not joining the R.C.M.P. and the reply I got was, "Who wants to sign up for five years?" The same argument might be used with regard to the armed forces.

In any event I throw out the suggestion that Canada should consider a new way of raising and training the military forces which are going to be necessary if we are to have the increased protection which we need on our northern frontier. Let Canada be defended by Canadians. Every winter we should train several scores of thousands of young Canadians from November 1 until April 1 or May 1; they should be put through an intensive course of training. Then those who desire to be released to return to their regular civilian jobs could be released, while those who wanted to come back the following year to be fitted into a more professional or highly trained integrated unit would have that opportunity.

Mr. J. Wilfrid Dufresne (Quebec West): Mr. Speaker, I am happy to make a modest contribution to this debate for the purpose of expressing my point of view and asking: where is communist ideology leading us? My intention is to use the English language for the benefit of the majority of the members of the house and I hope sympathy will be extended to me for doing so. If I should make mistakes during the course of my remarks I am sure the indulgence of hon. members will be on a par with my efforts.

As I said, where is communist ideology leading us? Owing to an intensive propaganda, carefully and hypocritically prepared, too large a number of human beings, amongst whom unfortunately too many Canadians, consciously or not, and through naïveté, ignorance or malice, seem to convince themselves each day, and more and more, that communism is nothing more than a political party which it is possible to join.

Thus indoctrinated, these people hope for the advent of communism to the government of their respective countries because in their ignorance and steeped in the false concepts of this fatal doctrine they look forward to the quick healing of the ills with which they are afflicted and the end of the miseries afflicting them.

On the other hand, the leaders of this pernicious ideology, reactionaries through hate or disposition, harassed with the idea of dominating, materialists to the point of even denying the existence of a Supreme Being, verily believe in the administration of the world by a caste of people without soul or heart, or respect for man as a being, created by God, and they seem bent upon imposing a diabolical dictatorship which would make slaves of the free men of today. Let us not fool ourselves. Communism is not a political party in the real sense of the word, for its doctrines are not founded upon principles of social and economic order. Its bases lack this conception of democracy to which each and every one of us is so deeply rooted. Moreover, it does not have this definition which we have of the democratic regime which, freely chosen by the people, must apply itself to serve the people.

On the contrary, communism is a movement of ideas. It is a complete denial of the rights of the collectivity. Its ideology is a new concept of the world and life, embracing atheistic materialism and denying the existence of all spiritualism. Its leaders and partisans consider it as a pseudo-religion.

Since the end of world war II, out of which the democratic countries emerged victorious, without having obtained peace, the communists, our allies in the victory over the nazi hordes, did not lose any time in invading certain countries which they dominate today, and which are administered by governments selected and approved by the Kremlin, the undisputed centre of communism in the world.

Feeling powerful after the help given the democracies in their fight against Hitler's Germany, and attributing the victory to themselves, without delay they started the conquest of certain countries hitherto democratic, employing, for so doing, their skilful propaganda as well as the methods and the arguments best suited to each centre.

At this point, I would like to make a digression and state that in certain countries they have exploited the miseries and the poverty of the people. We should not forget that poverty gives birth to communism and the best action to be taken to prevent it in Canada is to administer in such a way that every Canadian can have the job he is entitled to and in the meantime be kept away from starvation.

I will always remember what the Italian prime minister said at the national press club in Washington during his last trip there, that the "communist element in his country grew from economic, not ideological causes". At the same time Premier Scelba expressed his nation's gratitude for "generous and spontaneous aid" from the United States, without which, he said, neither Italy nor the rest of Europe could have avoided calamity.

We in Canada are also contributing our fair share in the economic recovery of certain nations with the aim, no doubt, of preventing communism from finding its way into those populations. I therefore do not hesitate to repeat that we are thus making a great humanitarian gesture and that we will have contributed in large measure to upholding the democratic system within those nations, a symbol of peace, justice and future prosperity.

However, we must not forget that misery and poverty have both made their sorrowful appearance in our country and that we owe it to ourselves to do everything possible in order to prevent its disastrous spreading. I also reiterate that Canada's contribution to the member nations of the Colombo plan must be maintained and increased, if possible, but on the condition only that we concern ourselves about our own citizens at least in the very same measure as we do with respect to outsiders.

Communism cunningly filters into all classes, and we cannot allow ourselves to live in this country in a culpable lethargy. Let us only remember the sad examples of Poland, Czechoslovakia and many other countries today living in bondage in Moscow, thus pointing to the fact that the leaders of those days did not foresee the menace that was threatening them and unfortunately became a reality.

Referring to communist propaganda again, I wish to say that to the peaceful propaganda were added the forceful means, the massacres and persecutions, such as we have read accounts of in the free press for a few years and which are the satanical means suggested by Marx himself in the conquest of the world into bolshevik slavery. It matters little what dishonest and damnable means communism must use to attain its aim in the domination of the world; what really counts is the intended objective. It is the enforcement afterwards of a universal rule which will enslave the free man, establishing a materialistic and atheistic policy, which ignores the authority of our Creator, God, of men and things, but forces the human world to adore the new masters of the world, the eventual successors to Lenin and Stalin.

The communists entertain the hope—I should say that they are assured—that little by little, and maybe sooner than we could imagine it ourselves, the Marxist way of thinking will penetrate all our minds, and that it will acquire the freedom of the cities. If no dike is built against communism, we shall soon note that the people think in a Marxist way, meaning before everything that they have become totally materialistic and atheistic.

Numerous have been those in the world who sacrificed themselves on the altar of well-understood democracy in the course of the two world wars and who have made the supreme sacrifice so that this democracy founded on real peace, justice, entente cordiale, brotherly love and faith in God may live and endure. If at this moment we cast a look into the painful situation in which those who long for peace and liberty find themselves, we must come to the conclusion that the time is serious and we cannot afford to dismiss lightly the constant menace overhanging our heads, and that we cannot possibly remain indifferent to the continued threats of attack by force of the Chinese communists engaged by their masters from the Kremlin. The idea of domination by soviet Russia is becoming more and more concrete, and the sudden changes which took place recently within the soviet supreme command fairly indicate that the promoters of disunity and war have won a nefarious and dangerous victory for the security of the world.

Their Chinese satellites, obeying blindly Moscow's orders, are thus getting ready to launch on Formosa and its adjacent islands an armed attack of which the main aim is to incite the United States to make reprisals in order to keep that strategic centre, necessary to its defence and still occupied and fortified by Chiang Kai-shek's nationalists.

A retort from our powerful allies and neighbours would undoubtedly throw all the nations of the world into a war, since at that very moment a Russia well armed and in readiness for quite a few long years would already be in the fray behind red China, dragging along with her all those countries which she succeeded in dominating and communizing. The preparations for a conquering thrust are

going ahead at an accelerated pace in red China under the surveillance, the approval and the direction of Moscow, and from one moment to another the world will have to face that stark reality.

It will be the launching of a war aiming at the conquest of the peoples, to the benefit of a disastrous and diabolical ideology. It will be the seeding of devastation, sorrow and death. It would no doubt be the beginning of the requiem of our democratic liberties, if the communist forces were ever to emerge victorious.

Mr. Speaker, communism is heading us, little by little, towards a future which every man, ever so little serious, cannot envisage with optimism, short of finding a quick solution which would prevent the destruction of the human world.

I do not pretend to have found that solution, but it seems to me that it is open to any man, particularly to those who occupy responsible public positions, to collect himself and to search for suggestions likely to solve a problem of such importance and seriousness.

In the manner of Christians, which we are, we believe that God and God alone was the Maker of man and things, and that it belongs to Him only to determine the end of things and human beings.

We can entertain different views as to the means we should take to avoid an international struggle which would bring into conflict nations having widely opposed ideologies, and on the strategy to follow in order to ensure our defence.

In the light of facts and circumstances we must, however, not forget that everything must be tried so as to establish peace in the world, token of happiness and prosperity: that peace which was promised by God to men of good will.

The general public, together with certain persons who hold positions of authority, do not seem to see and realize where a war, waged with the H-bomb and all similar devastating modern armaments, would lead us.

If we but remember what happened when an atomic bomb was dropped on Hiroshima, causing death and destruction, we shall see that an H-bomb can destroy at the same time cities of such importance and population as London, New York and Moscow.

If an H-bomb war were to be waged, it would mean that in no time at all the world would literally be wiped out. If all the inhabitants of London, New York and Moscow were to be exterminated, the world could, in centuries, rebuild, and the whole thing would be looked upon as a minor disaster, however considerable it might be. But we now know, more particularly since the Bikini test, that the H-bombs can gradually spread their destructive powers over a much wider area than that the scientists had at first forecast.

It is now authoritatively recognized that one bomb can be made with a destructive power 25,000 times greater than the atomic bomb which once destroyed Hiroshima.

Such a bomb, the explosion of which takes place in the air or on the sea, has radioactive particles which spread in the air. These radioactive particles gradually reach the surface of the earth in the form of deadly dust or rain. It was with that dust that the Japanese fishermen and the fish were infected, even though they were altogether out of what the American experts considered to be the danger zone.

As yet, nobody knows just how far those radioactive particles can reach. However, the most competent authorities are unanimous in saying that a war where the H-bomb would be used could bring about the end of the human world. It is to be feared that if a great number of those bombs were used as a means of attack or defence, this would mean universal death; it would mean sudden death for a fortunate minority only, for it would mean, for the greater number, a slow death accompanied by tortures which it would be impossible to depict.

We therefore have to face a situation which deserves a care from which we cannot escape. We must make a thorough examination and ask ourselves what means to take to avoid a war, without however forgetting that we must, at all costs, stop the forever growing menace of communism in the world.

In the gospel, our Lord gave us this saying upon which every Christian should meditate and put into practice: "Love one another". He did not only give us this advice, since He gave us the example by sacrificing Himself on the cross, in His great love for the world.

More than ever before, it is high time that the nations resume the practice of that doctrine, that we follow the example which was set by our ancestors, and that the feeling of brotherly love which formerly prompted man again become the prerogative of our life and our future.

Whatever our relations may be, let us remove from them, hypocrisy, untruth, pride, the hunger for domination and love of lucre. With regard to diplomatic relations between nations, may they be founded upon frankness and honesty. Let us remember that wile and deceit last only so long, and that sooner or later those who employ those contemptible means inevitably get caught in their own snare.

The communists forget all about the existence of God and base their policy and desires of conquest on political data only; they cannot be imbued with love for their fellow men and are inevitably unhappy, deceitful, lying, proud and arrogant, acting only through animal instinct. Within their minds, they keep alive that hideous cancer, that ideology condemned by faith and good sense, which communism is, and of which the deadly propaganda has no other aim than to poison the heart and soul of those whom it has indoctrinated, only to kill them afterwards.

We must therefore face the following alternatives: First, the conquest of the world by anti-social, anti-patriotic, anti-Christian communism, which would turn us into beings with an animal instinct, slaves without ideals and future. We should forever say good-bye to private enterprise and to our status of free men and should renounce our glorious past and our most noble, patriotic and religious traditions. Our life would be affected by the horrors of those massacres and persecutions, the establishment of those state prisons which we call concentration camps, the infamous tortures of those people who are thirsty for blood and tears, and finally death, without the satisfaction of having near us one who would at least pray for the salvation of our souls.

Second, the gradual destruction of humankind by means of that H-bomb which by degrees would wipe out men and things, and which would make us suffer the most atrocious pains. Those sufferings would be equalled only by those endured in primeval days, when men were straining to find inconceivable ways of torturing the early Christians.

In order to avoid such a catastrophe, I can only see one solution, and without doubt the best one to protect imperilled humankind. I refer to the return to God and His teachings, through prayer, so that He may inspire the aggressors to discontinue the expansion of their subversive doctrine and prevent them from going into mass assassination of that world which He created, and that He alone has the right to annihilate.

Let us urge the leaders of our democratic nations to call upon the guidance of Providence in all their discussions. Let them call upon the guiding light of the Holy Ghost, who will enlighten them in the important decisions which they must make for the happiness, peace and security of the peoples whom they administer.

Mr. Colin Cameron (Nanaimo): When I was in Vancouver at Easter, Mr. Speaker, I was interviewed by a member of the Vancouver press and he asked me a question concerning the attitude of the members of the House of Commons towards external affairs. He asked me if I thought the majority of the members were interested in Canada's external affairs or foreign relations. I found that question rather difficult to answer. I said that I imagined everyone in the House of Commons, like everyone else I presume who thinks at all, at least occasionally must have a few questions in his mind about our relations with the rest of the world. I was of the opinion, however, that a great many members of the house felt that they were quite uncertain as to what Canada's foreign policy actually is, and therefore they felt incapable of commenting on it, either commending it or opposing it.

There is a strange quality about Canada's foreign policy, Mr. Speaker, almost an impression that it is all done by mirrors. We have to find out what our policy is by a careful examination of the statements that are made to tell us what it is not. It is a very difficult process. In fact, sometimes I am reminded of the old Greek stories about the Delphic oracle when I listen to our minister of external affairs. You will recall that the Greeks used to go to Delphi and they used to put their questions to the Python priestess there, who came out with very cryptic answers. The devout pilgrims used to look at the answers and scratch their heads because there were two or three interpretations as to what the answer meant. I feel that for the last two or three years we have been somewhat in that position with regard to Canada's foreign policy.

Of course, the underlying basis of Canada's foreign policy, as the minister of external affairs has told us repeatedly and quite rightly, is the fact of our geographical proximity to the United States and the necessity of taking into account our relationships with that country before any other consideration. This is quite true, and it is an obvious fact. But for some time I have regretted that, beyond the formal commitments under the North Atlantic Treaty Organization, our government has not really come out with a forthright statement of our intentions with regard to the United States in the event of an attack upon North America. It is true that it is implied, in fact it is stated, in the North Atlantic treaty that we shall have to go to their aid in repelling an attack on the other members of NATO, of which the United States is the major ally.

I have this feeling, that if our government were to state quite plainly and bluntly to our American friends and the rest of the world that any attack on the United States, whether through Canada, through Hawaii, California or Florida or anywhere else, would

not merely see Canada dragged in by the hair of her head, but would see Canada quite actively and at the very outset placing our entire resources behind repelling those forces, then our position would be stronger. I do not like to think of Canada as being merely the Belgium of another war. We should have a more positive stand. We should state quite plainly that we recognize that the safety of the United States is our safety. If we made that very positive then we would be in a position to speak bluntly and plainly to our United States friends when they pursued policies which to our mind are policies which may very well invite that attack which we must help them repel.

We do not do that. Instead of that, we permit ourselves to be pushed along a number of very dubious policy paths, paths that cause a great deal of concern, I am quite sure, to every member of this house including the minister of external affairs. I want to refer rather briefly to one policy decision that we made this year. I do this, not in any sense of attempting to say I told you so, but merely as an example of the danger of following a policy about which we have some misgivings. I refer to the ratification of the Paris treaties. I do not think anyone will deny that practically every member in this house had very grave misgivings, and the minister himself told us that it was with grave misgivings that he advocated this policy, but he could see no alternative. There were some of us who considered that those misgivings should have dictated our policy.

The news from Europe recently does tend to cast some doubt on the wisdom of the policy that was decided upon at that time. The news, for instance, of the negotiations between the Soviet union and Austria is, I think, very ominous because we see here exactly the pattern of the advances the Soviet union will make to West Germany. We see the very ominous prospect, Mr. Speaker, that the Russians will be prepared to offer the German people the great prize in which they are interested, that is reunification of Germany. While they will do that ostensibly on the basis of having a neutralized and disarmed Germany, and while that reunited Germany may for some time be disarmed and neutralized, we should never forget that, reunited under the auspices of the Soviet union, the eyes of the German people will be turned eastward in gratitude rather than westward, as they might have been had we taken another policy.

We paid another very heavy price in connection with that, and it is one of which we had warning. I heard of it in Europe when I was there last year. I refer to the collapse of the only honest, progressive and decisive government that France has had since the end of the war; that was part of the price we paid for it, turning France back again into the hands of people who had been signally incapable of bringing France back to her previous pre-war status, to say nothing harsher about them. It was quite obvious that Mr. Mendes-France was able to maintain his hold over the national assembly merely because the members of the national assembly knew the nation was behind him. It was behind Mr. Mendes-France because of his decisive handling of the Indo-Chinese problem and his announced determination to deal with some of the worst economic evils, transferring more of the burden of the cost of administration to the shoulders of those who could best bear it, the improvement of social services for the French people and, in short, bringing order into the French economy. And he had, on account of that program and on account of that achievement in the international field, such public support that not even the rather dubious elements in the French national assembly were prepared to throw him out.

But the moment that we in the rest of the western world insisted that Mr. Mendes-France put his head on the block and agree to German rearmament, that popular support was cut away from him, and immediately his assembly support followed, with the result that Mr. Mendes-France fell. And instead of having a potentially strong and determined ally we have now another demoralized country, again struggling in the pit of political corruption which, unfortunately, has been the fate of France since the war.

This I think can be attributed to our determination to follow the predominantly American line of policy. I do not think anyone will deny it was that tremendous pressure of the United States that induced the rest of the western allies to support ratification, and I suggest we have already paid a very heavy price for it.

There is not much that can be done about it now. It is finished; it is water under the bridge. But we have now some other policy decisions to make that may very well affect future events. At this time there is a conference going on in Asia, the Bandung conference; and of course what is happening there is a test of strength between two Asiatic figures, namely Nehru of India and Chou En-lai of communist China. And the fate of Asia may very well depend upon which of those two men prevails at that conference. I, myself, am not very optimistic. I believe that Mr. Nehru, however, might well have

been placed in a position of being able to capture all Asiatic minds—and that is what those men are trying to do today—had we in North America devoted even a small fraction of the wealth we have devoted to defences of rather doubtful value to make a massive contribution to the capital development of India and the rest of southeast Asia. Then Mr. Nehru would have been able to offer the Asiatic peoples economic progress plus freedom.

But if he is placed in the position of merely offering them political freedom without economic progress, then Mr. Chou En-lai, who, undoubtedly, has the dictatorial power to develop China as he and his advisers wish to develop it, is going to be in a much stronger position to appeal to those people. Because of course it is a truism that if starving people are offered the choice between a loaf of bread and freedom, they will reach for the loaf of bread. And I am very much afraid that Chou En-lai has been left in a position of having more loaves in his basket than Mr. Nehru.

That is another opportunity we have missed, quite largely I think because we have not placed ourselves in the position of being able to speak bluntly and plainly to the most important figure in the western world, the United States of America, which undoubtedly has demanded that we devote an enormous part of our resources to these defences which, as I say, are of rather doubtful value in the view of military experts who presumably know what they are talking about.

However, I am not a pessimist. I do not think we will have another war. I think Sir Winston Churchill's last dictum was perhaps the most profound, when he said that the world has developed weapons which both sides are afraid to use, and that we may very well find some safety in the shadow of world annihilation.

But we then face another danger. And it is a danger that was rather neatly expressed two days ago by the medical profession of Great Britain, in a statement appearing in the *Medical Press,* which is the professional journal of the medical profession in that country. I wish to quote from this, as it appeared in the *Globe and Mail* as a reprint from Reuters in London on April 19. It says:

> Atomic and hydrogen bomb tests should be halted pending international research into the genetic hazards of radiation, the *Medical Press*, British professional journal, said today.
>
> "If the struggle to perfect nuclear weapons is in fact a struggle towards peace it will indeed be ironical if it produces without war the most dangerous and fearful effect which war could bring," it added.

> "If in 30 years time we are told that a doubling of background radiation is in fact dangerous that information will only be of academic importance because the doubling will already have taken place and nothing can undo it".

Let us get that through our heads.

> The *Medical Press* suggested that while some of the test explosions might be scientifically necessary others were "largely a sort of sabre-rattling".
>
> "It is even a possibility, and not a pretty one, that there are physicists who regard these explosions with much the same sense of juvenile satisfaction as is manifest in small boys letting off homemade fireworks in the street."

I bring this up because of answers received today to questions asked by the hon. member for Winnipeg North Centre (Mr. Knowles). The questions the hon. member placed on the order paper were as follows:

> 1. Is the Canadian government giving consideration to taking the initiative in urging the United Nations to make a study as to the extent to which atomic and hydrogen bomb tests can be made without grave danger to the human race, as requested by the Federation of American Scientists?
> 2. If so, when will such action be taken?
> 3. If not, what are the reasons for the government's decision?

The answer to the first question is No—a plain and simple No. The government was not asked if it was prepared to initiate these studies. It was asked if it was prepared to take into consideration taking the initiative in urging that these studies be made. And the answer is No, that they will not do even that.

Then the second part of the question is answered by the answer given to No. 1, it states here. And then the answer to the third part—and this is the interesting part—is as follows:

> The Canadian government has been in touch with friendly governments who, through the possession of atomic and thermonuclear weapons, have a direct interest in this matter. Statements made recently by responsible officials of these governments indicate that tests so far have produced a general level of radioactivity which is remote from endangering human life.
>
> Of course these matters should be kept, and are being kept, under constant study as indicated by the Minister of National Health and Welfare in the house on April 4. In addition to the investigations referred to by the minister at that time, the scientific conference on the peaceful uses of atomic energy to be held in Geneva in August will consider a number of problems related to the health and safety aspects of atomic energy, including biological and genetic effects and radiation injury and protection.
>
> The government would be prepared to support any serious studies, which gave promise of increasing our knowledge of the problem. It is the view of the government, however, that it would serve no useful purpose for it to take any special initiative at this time of the kind referred to in the question. The government will continue to consult with friendly governments on this important matter.

This is a very interesting answer, and I am sure that the Federation of American Scientists, the British Society of Nuclear Physicists

and the French Academy of Sciences, all of which have expressed concern about this, and have stated categorically that no one knows what the danger point is, will be delighted to know that the government of Canada knows what the danger point is. Because that is what the answer to this question says: They know it. Somebody has told them—

> Statements made recently by responsible officials of these governments indicate that tests so far have produced a general level of radioactivity which is remote from endangering human life.

A very strange thing indeed, when the Federation of American Scientists has not yet heard of this discovery, that we have not yet reached the danger level. They tell us it has not yet been established and they are very anxious that studies should be engaged in immediately to discover that danger point. But our government is not even prepared to ask that this work be undertaken by the United Nations. Why not? The only conclusion one can come to, Mr. Speaker, is that this government is prepared to run the risk of condoning all-time, permanent genetic damage to the human race rather than offend Mr. Dulles.

There was a reference in the answer to this question to the answer given on April 4 by the Minister of National Health and Welfare (Mr. Martin). It was one of his usual extremely voluminous answers. It goes on for page after page. Here is the important part of it, as reported at page 2653 of *Hansard:*

> Since there remain a number of unanswered questions in this field, there is a need for continuing research and investigation into the genetic problem. Increasingly large numbers of people are being exposed to increasing amounts of radiation because of the wider use of radioactive materials in industry, research and medicine. In addition, there has been a slight, though appreciable increase in radiation all over the world as a result of the weapon tests.
>
> However, the best scientific evidence available indicates that it is most unlikely that any significant genetic effect would result from the increased radioactivity that has occurred.

I would suggest, Mr. Speaker, that the Minister of National Health and Welfare immediately send a telegram to the Federation of American Scientists, the French Academy of Sciences, and to the British Society of Nuclear Physicists, reassuring them that he has discovered what the danger point is that none of them knows anything about.

For some time, Mr. Speaker, I have been corresponding with a young French scientist, an assistant to Prince Louis de Broglie, who brought this matter to the attention of the world some months ago, and he sent me a book that he had written on the problem, which contains a foreword by a man who, of course, did not know as much about physics as the Minister of National Health and Welfare. He died a few days ago. His name was Einstein, and he had this to say:

> But more important still is your note on the menace to life of the cumulative action of the experimental atomic explosions. If you think I can do anything to support publicly your campaign, I am only too ready to proffer my services.
>
> Albert Einstein,
> December 7, 1954,
> Princeton.

It is surely a serious state of affairs, Mr. Speaker, that our government has reached such a point that it does not even dare to ask the Americans to have a study conducted of the dangers of their program; when every responsible scientific organization in the world is telling us it is essential that that should be done.

Mr. Martin: What my hon. friend should point out is that the Canadian government itself, through the appropriate departments, is doing the very thing that he says we are not doing.

Mr. Cameron (Nanaimo): I would suggest with all due deference, Mr. Speaker, that it might be that even the officials of the minister's department would perhaps be aided in their research if they were to co-operate with the leading scientific organizations of the world which are asking that a responsible world organizational study should be instituted. I do suggest that even the most brilliant physicists in our national research council in Canada are not likely to have the opportunities available here in Canada to study the effect all over the world of the explosions that have taken place in the United States and in the Soviet union. Is he telling us that here in an area in which there have been no thermonuclear explosions our scientists can tell us more accurately the dangers than can the Federation of American Scientists, the French scientists and the British scientists? If our own government scientists are discovering some facts about the dangers of these atomic explosions, then it would seem to me the logical thing for our government to do would be to place the results of their inquiries and their investigations before an appropriate commission of the United Nations, no matter how unpopular such a course might be with the American administration, or with those sections of it who produce those statements for which there is no scientific backing whatever, none whatever, as the Minister of National Health and Welfare is well aware. As one examines his statement and the statement of his colleague of the Department of National Defence, if it were not the most serious problem in the

world, it would be the most ludicrous situation imaginable. We are told almost in the same breath that there is no danger, and that they do not know what the danger point is. That is the situation we are in today.

I come back to the point I made at first, namely, that unless we come out and face the world with a clear-cut statement of the serious responsibilities that we are anxious and willing to share with regard to the defence of North America and the defence of the United States, we are not going to be in a position to speak bluntly and plainly to those sections of the American administration who are now toying with these great dangers. Surely, we should seek to appeal to those very large numbers of Americans who also view their government's activities in this regard with a great deal of misgiving. Surely, we should be appealing to the American people and their sense of decency and generosity—the American people that we all know are our kind of people. Surely, we should be appealing over the heads of those irresponsible officials who are now doing their best to suppress all knowledge of this matter.

It is surely an ominous and significant thing, Mr. Speaker, when a leading body of American scientists felt it necessary to make a public statement to the world which indicated that they regarded with great fear and misgivings the activities of their own government. If our government is unprepared to take such a stand, I suppose they can console themselves with the thought that if the worst fears of those who are far more competent than I or anyone in this house are realized, there will be no one left to revile them.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like at the outset of my taking part in this debate on external affairs to pay a high tribute to Canada's role in world affairs. I feel that as a nation we have done a lot to foster the cause of world peace. I feel that our efforts under the Colombo plan, and the meeting of our obligations in full under the various agencies of the United Nations, have done much to enhance the prestige of Canada in all parts of the world.

I cannot help but remember the days before I was elected to this House of Commons. Each time that I read of the remarks our minister of external affairs made in various parts of the world I was glad and proud to be a Canadian with a spokesman such as that. However, it was not long before I noticed that after every progressive speech, after every speech that to me sounded like a sensible contribution to the cause of world peace, invariably when he got back to Ottawa and had a meeting either of the executive of the national Liberal advisory council or of the federal cabinet, there would ensue a speech which was so reactionary that it almost undid all the good done by the minister's original speech.

This also calls to mind the last annual meeting of the Dewdney C.C.F. association in British Columbia. As a guest dinner speaker we had a Dr. David of India. If my memory serves me right, he was the head of some theological institution in India connected with the United Church of Canada. Incidentally, Dr. David was unable to eat the dinner which was set before him because as he explained, the average Indian is unable without serious after-effects to eat such sumptuous meals as Canadians are able to prepare.

Dr. David outlined the effects of the Colombo plan. As I remember, he said that the income of the average citizen of India is $50 per year. He warned us of communist advances in India and said that if the Colombo plan, which at that time was only in its beginning, was effected as it was then conceived, it would raise the standard of living of the average citizen of India by 10 per cent. He thought that it might, and I would emphasize the "might", be able to save India from communism.

While Dr. David was speaking I had a feeling of pride in the way Canada was bearing its share under the Colombo plan. But throughout the length of his speech, whenever I thought of what we might be able to do, there arose in me a feeling of shame that we were not doing as much as we were able to do. I would remind the house that Canada's contribution under the Colombo plan is less than $2 per annum per capita as against more than $100 per capita being spent on national defence.

I should like to move on to my second subject, and that is the talk given this afternoon by the hon. member for Vancouver South (Mr. Philpott). I agree with most of what the hon. member had to say, but I take serious issue with one recommendation he had to make and which seemed to me to be an advocacy of a winter army for Canada. A year ago I endorsed what the hon. member said this afternoon, that Canada's defences should be manned by Canadians and by Canadians only. I would say that this policy of Canada

for Canadians is O.K. There is nothing wrong with it as long as Canada's foreign policy is determined by Canadians. If it is to be determined in Washington, then I can see nothing wrong with Washington bearing the onus of effecting their own foreign policy. I agree with the hon. member for Vancouver South when he advocates that Canadians defend Canadian soil with the proviso that Canadian foreign policy be determined in Ottawa by Canadians and not by any visitors we may have in Ottawa.

I was a little leery when I heard of this idea of a winter army, lest it might be a Liberal solution to seasonal unemployment in Canada. I could not help remembering what the Conservatives did to the unemployed during the hungry thirties when they herded them into vacant army camps and looked after them there. Perhaps the hon. member for Vancouver South is being a little more progressive than were the Conservatives, but he has suggested that they be herded into vacant army camps and then be given a little army exercise while there. If this is meant to be a measure of relief for seasonal unemployment, then I will oppose it most heartily.

Another member from British Columbia with whom I must take issue is the hon. member for Vancouver-Quadra (Mr. Green). I know that for a number of years in this house he has been urging the necessity of military preparedness as far as the west coast of Canada is concerned. I know also that he is a wholehearted supporter of a Pacific military pact. He thinks that our defences for the west coast would be much more adequately served if we did agree to a Pacific defence arrangement. Now, I think that he is completely out of touch with the sentiments of the people of British Columbia when he is advocating that policy. I think that the people of British Columbia are prepared to take their chances on world peace. Having in mind the horrible means of destruction now available, we realize that it does not much matter whether on Vancouver island we have three-inch guns or six-inch guns; we in the lower mainland will be obliterated anyway. We are not overly concerned with a Pacific military defence arrangement similar to the arrangement arrived at under NATO.

Mr. Speaker, before I continue, I should like to say that I endorse the C.C.F. policy on external affairs. My leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), has very ably put forth the C.C.F. position, its endorsement of the aims and objects of the United Nations and endorsement of the North Atlantic treaty alliance and a plea for the neutralization of the island of Formosa. I believe that on other occasions he has asked our government to recognize the existing government at Peking and for the admission of red China into the United Nations. However, I feel that the world situation is much too serious for us to divide ourselves along strictly partisan lines. I feel that when the question of the survival of the human race is involved we ought, for the time of the debate at least, to forget that we are Liberals or Conservatives or members of the C.C.F. or Social Credit parties. I asked for a place on your list, Mr. Speaker, because I would like not only to endorse the C.C.F. position but also to add something to that and possibly what some of you may interpret as some qualifications to the attitude of the C.C.F. I would like to place on record why I first became a member of the C.C.F. What appealed most to me about the platform of the C.C.F. was the stand taken by our first leader, the late J. S. Woodsworth, and by one of his active supporters in this house, the late Miss Agnes Macphail. They were classed as pacifists and at that time I saw a good deal of merit in their arguments. I also recall very vividly to this house that the man who defeated the great power of the British Empire was Mahatma Gandhi, a humble man who believed in pacifism all the way down the line.

I think the Canadian people have about reached the stage where, instead of adding a million dollars for military preparedness, they feel that the Canadian government should say to a man like Dr. Schweitzer in Africa, "You are doing something for humanity; we will give you a million dollars to help you in your work", rather than change three-inch guns to six-inch guns. I think that this government would receive hearty endorsation from the Canadian people in helping this missionary, doctor and great musician. I think our history books in Canada might well be rewritten to place some emphasis on such men as he is and the work he is doing. We might place a little less emphasis on some people who are now in the light of recent inventions becoming a little old, such men as the great Lord Nelson and others like him.

Before I continue, I must at this time express my appreciation to the hon. member for Quebec West (Mr. Dufresne). He spoke to us, for the benefit of most of us, in the English language. I only regret that the arrangements for opposition members and the appreciation of the government toward the role of opposition members are not enough to enable members of the opposition to enjoy a little leisure time in which they might learn the other great language of this house.

I hope I shall be privileged to remain in this house long enough so that some day I may be able to please the hon. member for Quebec West and take my part in the debate on external affairs in his native language. I sincerely wish to compliment him on his speech, and also on almost everything he said. It was a real revelation for those of us from British Columbia—and it is not Colombie Canadienne; it is Colombie Britannique—we sincerely appreciated what we know was a most sincere effort on the part of the hon. member for Quebec West.

The hon. member raised some matters to which I must refer. As I said, I endorse most of what he said, but I wish to refer to his bringing the question of religion into this debate. Mr. Speaker, surely there are some Canadians who believe the Bible literally when it says "On this rock I will build my Church"; there are others of us in this house who believe the Bible just as literally when it says, "Thou shalt not kill". We think that we have the same right to believe one portion of the Good Book as other people have to believe other portions of the Good Book.

An hon. Member: That is misrepresentation.

Mr. Regier: There was also another statement. I notice an hon. member saying that that is misrepresentation. I say that no one is as guilty of misrepresentation on the political scene in Canada as the Liberal members and the Liberal party in the province of Quebec have been.

An hon. Member: Nonsense!

Mr. Regier: There were continued insinuations of hatred towards the communists. The Good Book tells me "Thou shalt love the sinner and hate the sin", and I say "Thou shalt love communists and hate communism". That is just as logical. A communist is a human being entitled to the love of his fellow men, but that does not bar us from hating communism. Let us be very careful to make a distinction lest we lose faith in the cause of the western world.

I have often heard it said—and I think it should be said in this debate—that more crimes have been committed in the names of Christianity and democracy than in any other name in human history, and I would like to warn the members who would invoke religion not to tie in free enterprise with religion. Economic arrangements have nothing to do with the order of society which the good Lord ever advocated.

An hon. Member: That is what you think.

Mr. Regier: If you read the history of His life you will never see any advocacy of free enterprise. I am not going to argue one way or the other; I will be fair to that extent. But when you attempt to invoke the Almighty God on behalf of free enterprise you are taking in an awful lot of territory, and I would like this especially to be a warning for the hon. member for Fraser Valley (Mr. Patterson).

Mr. Patterson: Thank you.

Mr. Regier: At election time such phrases as "Will you have the Bible or the bottle?" are an insult to the intelligence of the Canadian people.

Mr. Patterson: Who used them?

Mr. Regier: I will go further and say that I am a great believer in the supernatural, if you like. But my God does not need any sword to defend Him. He needs no hydrogen bomb. If He is a god worthy of worship, He does not need human effort at all and His rule will prevail.

Lest I be classified as an unqualified pacifist may I say at this time, as I said a year ago, that I am a firm supporter of the maintenance of law and order throughout the world. I was a believer in the league of nations. I still regret the great betrayal of the league of nations. Just for the record, let me say that it was the democracies which sabotaged the league of nations as an instrument for world peace when they failed to interfere in order to prevent aggression in the Far East and again in Abyssinia. When that happened, the common people throughout the world lost confidence in that world-wide organization.

After the last war ended, the peoples of the world decided to make another effort. I hope they will not have to make a third effort. There may be no one here to make that third effort. I feel that, in a similar way, the United Nations has been betrayed and that some of the democracies in the world today would not be overly unhappy to see the sabotage of the United Nations. At the outset let me say that I think the Soviet bloc was the first bloc—if there were blocs at that time—to betray the intent of the United Nations when they overran what are now called their satellite nations. I sometimes wonder, though, how much we helped the situation by formulating such an organization as NATO. However, if it is the only alternative to the Soviet bloc, I am in hearty support of NATO. I have voted for it in C.C.F. conventions. Yet, I should like to sound this warning. Unless we implement article 2, which I consider worthy of support on its own merits, I believe we shall run into difficulty. Article 2 is the only

insurance premium we can pay for the military aspects of NATO. Unless we are willing to pay that insurance premium, I feel that NATO will end up in disaster.

I have previously indicated my opposition to a similar alliance in the Far East in the way of a Pacific pact. I much prefer the policies pursued by the prime minister of India, namely a ruthless extermination, if you like, of communism—it will be noted that I did not say communists—within his own territory and a realistic approach to this problem of coexistence when it comes to doing business with other nations.

Many people are surprised and are expressing surprise at the lack of enthusiasm shown by Canadian youth with regard to this matter of enlistment in the army, navy or air force. Back home in my constituency there is a man who made a survey on a Saturday of all the young people whom he met. In one survey the question asked was: Would you like to become enlisted in the Canadian armed forces? The almost unanimous reply was that the young men did not know why they ought to enlist in the Canadian armed forces. Then he made another survey and the question asked was: Would you enlist in an armed force, under the auspices of the United Nations, designed to prevent aggression throughout the world? He claims that he had almost unanimous endorsation by all the young men he met. I think the lack of enthusiasm on the part of our young men can be explained partly by the lack of a definite Canadian foreign policy.

How do we return to the United Nations, Mr. Speaker? And return I think we must. First of all, I believe we must remember the original intent of the United Nations. The United Nations was formed to prevent aggression and not to interfere in the internal affairs of any of the member nations. If we vary from that purpose, or if we even for one moment ignore the fact that the purpose of the United Nations was to prevent aggression, then we are obliged to remember such people on our side as Marshal Tito, Syngman Rhee and Generalissimo Franco, and we are obliged to give serious thought to what right these people have to being on our side as some of us fondly like to think they are.

I think we could get back to the United Nations and its original intent if we paid a little bit more attention—and I hope our newspapers will do so—to the current Asian-African conference meeting in Indonesia. I feel that a great deal of world history is being determined there. I should like to endorse what was said by one hon. member who spoke previously, namely that only now are we regretting that we in the western world did not ensure Prime Minister Nehru's being able to carry the day at this Asian-African conference. We have no one to blame but ourselves.

I notice with a good deal of worry what happened with regard to Austria. With the hon. member for Nanaimo (Mr. Cameron) I share the worry of the whole western world as to what effect it would have on our situation if Moscow were to agree with the government of West Germany in a manner similar to that in which they agreed with the government of Austria. The government of Austria has said that in return they will remain forever neutral in the matter of military involvements. The government of Sweden has always adopted the same policy. In taking part in this debate I notice that the leader of the official opposition (Mr. Drew) expressed a good deal of concern about what was going to happen and about the inherent dangers in the rearming of West Germany. I feel that we are now just a little bit late in beginning to worry. If we are to give complete sovereignty to the people of West Germany, who are we thereafter to tell them that they may not relieve the sufferings of their brothers in the eastern zone of Germany? I should like to underline what the Leader of the Opposition said when he said that the paramount interest of the people of West Germany is the reunification of Germany.

I was one of those lucky enough to hear the former prime minister of Great Britain, Right Hon. Clement Attlee, speaking in Vancouver on Saturday last. He said that the question of what our foreign policy is depends to the greatest extent on where you are.

Now, I ask this house, where are we in Canada? I follow that with another question and I think it is a logical one. It is this. Can Canada be defended? I doubt that very much; I doubt whether Canada can be defended. About a week before Easter the Minister of National Defence (Mr. Campney) was unable or unwilling to assure the Canadian people that we have even as much as one atom bomb in Canada. He was unwilling to give his citizens that assurance.

In connection with the matter of research, to which the hon. member for Nanaimo (Mr. Cameron) so ably referred this afternoon, if the Minister of National Health and Welfare (Mr. Martin) had been smart I think he would have assured the Canadian people that he would appoint the top scientists of the dominion to make sure that these thermonuclear weapons will not have—

Mr. Martin: Will the hon. member permit an observation? If he looks at the statement I made in this house on April 4, he will find I did that very thing.

Mr. Regier: I am glad to know the minister has announced that a committee of the top scientists of Canada has been appointed to investigate the possible effect on the Canadian people. This was new to me, and I thank the minister for that interjection. I hope I have not misinterpreted what he said.

I believe, Mr. Speaker, that the people of India, southeast Asia, Great Britain, western Europe and the Union of Soviet Socialist Republics, considering where they are in the world, must have world peace. Each of these nations, if a major war should break out—let us not play with the idea of minor wars—both right and wrong, will go down to defeat in the holocaust that will ensue.

I hope that nothing I say is going to label me as an opponent of the veterans of Canada. If there are people in Canada who think other than as I do, and if they are willing to make the supreme sacrifice and I am one of the fortunate ones to survive a war, then my first responsibility is to see that these people are as adequately cared for as the rich resources of our nation will make possible.

Also, I shall have no truck with the so-called peace front in Canada. I do not believe in any so-called righteous war against the so-called capitalist oppressors. I do not believe any war or any revolution has ever resolved anything in human history. I come back again to the fact that, if absolute values exist in the world, then absolute values will continue to exist, wars notwithstanding. There are vested interests on both sides. There is the vested interest of imperialist communism and there is the vested interest of international capitalism. I say, a plague on both your houses. We want peace and prosperity in the world for all the people of the world.

Mr. Daniel McIvor (Fort William): I was not going to say anything in this debate, but I should like to correct something that I do not think is altogether fair in the statement made by the hon. member who has just taken his seat. First, I should like to congratulate the hon. member for Quebec West (Mr. Dufresne) on the speech that he made. I have not always agreed with him, but I do not believe he ever spoke more sincerely than he did today. He came right to the point expressed so ably by the late Sir Wilfrid Laurier, that love is stronger than hate and faith is stronger than doubt.

I agreed with the hon. member who has just taken his seat when he said he was proud of the Secretary of State for External Affairs (Mr. Pearson) when he made his statements away from home. He was proud to be a Canadian and so was I. But I think he just slipped a little bit when he said that these statements were spoiled when the minister came home and met the Liberal association. I do not believe the minister ever met the Liberal association before he made his statement. The implication is that the minister is one thing at home and another thing away. As I know the minister, he has always given of his best, whether he was on third base on the baseball diamond, in his home, in this house or in Europe. I stand behind the minister 100 per cent in all his statements. He has stood for peace, and peace with honour.

I was talking to an official who served with the army in Korea. He told me two things that I think this house should know. First, he said that communism was failing in China. He proved this by saying the communists were trying to break up the home life in China. Home life has been sacred to the people of China for hundreds and thousands of years, and they do not like it. He proved his statement by saying that refugees are arriving by thousands in Hong Kong. I do not remember the exact number of people who have come into Hong Kong, but I believe the population has increased by over 2 million. These people would not serve under communist rule. The streets are lined with people sleeping side by side on little mats. He said there is a feeling over there that there is going to be a revolution before too long; that may or may not be true.

Another thing this captain told me, and I was thinking about it when the hon. member for Lethbridge (Mr. Blackmore) was speaking about Korea, was that Korea is hopeful. He said that there was a church a day built and organized in Korea every day for the last three years. I think that is outstanding, and it proves the statement made by the hon. member for Quebec West, that these people appreciate the kindness of the members of the church and that love will win out.

Another reason why I am speaking tonight is the statement made by the hon. member for Vancouver South (Mr. Philpott). I cannot quote his exact words because my memory would not allow that, but he said the young men of the country should be organized for military training for four or five months of the year, say from November 1 to April 1. He has shown wisdom in that statement, even though he comes from the west. I feel this would be splendid training for the young men who may be out of work,

and would it not be a splendid remedy for those who are out of work for a few months each year? Again I congratulate the minister upon sticking to his guns in the fight for peace with honour.

Mr. Speaker: When the minister speaks he will close the debate.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, in rising to close this debate I would be ungrateful indeed if in the first place I did not express my appreciation of the encouragement and support I have just received from the hon. member who has just taken his seat, and tell him in reply that I shall be very glad to play third base for him any place, any time.

Mr. Speaker, this debate began on March 24 and, with appropriate intermissions, is finishing on April 21. During the days that have been allotted to the discussion of this subject—and there are few subjects which will come before us which will be more important—the discussion has ranged far and wide, from the atomic pollution of the atmosphere, on which my hon. friend from Nanaimo (Mr. Cameron) speaks with such enviable assurance, to the Old Testament, its history and its mores, about which the hon. member for Vancouver-Burrard (Mr. MacDougall) talked to us some days ago.

To a very large extent, however, the discussion has been focused on the situation in the Far East, though other subjects have been brought up, and a great many questions have been asked. Tonight I hope to deal with some of those questions. Also I feel I must challenge one or two observations made during the course of the debate which I do not think were correct. It may be that I shall not be able to deal adequately with all the matters raised, in which case I ask the pardon of those whom I have overlooked.

When the committee on external affairs has the estimates before it—and that is the purpose of our present resolution—of course there will be opportunity before that committee to question the minister on any matter raised in this debate, or any other matter concerning the policy or the administration of the Department of External Affairs. As is customary, I shall be very glad to make myself available to that committee for as long as it desires to question me.

In this debate more than one speaker has referred to the valuable part being played in these tense and difficult times by the association to which we belong, and of which we are very proud, our commonwealth of nations. I believe we are all conscious, probably now as much as ever before in our history, of the value of that association—especially in the service it is now performing not only for the nations of the commonwealth, but for the world at large in providing a bridge, one of the few effective bridges, between the free East and the free West.

In his contribution to the debate the hon. member for Oxford (Mr. Nesbitt) devoted most of his speech to our commonwealth of nations. He advocated—and in certain sections of the house this has been advocated for years—what he called the strengthening of our commonwealth. Among other things he asked what was the basic difference between the commonwealth and, let us say, the United Nations. He asked what was the difference between our relationship with members of the commonwealth and with, let us say, a country like Brazil.

Well, if he had attended meetings of the United Nations assembly or other United Nations agencies—and I hope he will have that opportunity—and if he had attended commonwealth discussions, I think he would sense at once the difference between the two associations. And that is not of course to depreciate the value of the association of the United Nations.

The basic difference in the commonwealth relationship is that it has been formed, has grown up and has been built on the habit and the tradition of co-operation. We have developed within the commonwealth a feeling of close unity. There is a genuine understanding among its members to work together in peace and in war, and a strong desire to co-operate and to work out agreed policies and agreed solutions to problems, even when it is not always possible to do so. And then of course we have the great advantage of a common head in the commonwealth, both for the monarchical and the republican members, and also the bond of common parliamentary institutions and parliamentary traditions.

The hon. member for Oxford feels that we should strengthen these bonds, and that we should develop what he has called a central secretariat. He says that we should also try to work out an intra-commonwealth defence force. Well I would suggest to the hon. member—and this is a matter which has been discussed often both in and out of the house—that if the members of the commonwealth tried to build up some strong and centralized machinery, if they tried to build up a centralized intra-commonwealth defence force, far from strengthening this association it might, indeed, weaken it to the point where it would disappear, at least in the sense in which it exists today.

I think the commonwealth in its present form and organization is doing a most valuable and important service. One of the most useful things about the commonwealth is that it does include within its membership a variety of peoples, at times antagonistic peoples; and if we tried to bring those peoples together in any formal and organized way, for defence or by exclusive economic co-operation, far from strengthening the association we might indeed weaken it.

The hon. member to whom I have referred, while he did not underestimate the difficulties, rather expressed the hope that by this kind of development—and I think I am quoting him correctly—the commonwealth might become or lead to a third power bloc which would be powerful enough to act as a counterbalance to the United States and Russia.

With all respect, Mr. Speaker, I submit that this third force concept, whether it is a commonwealth concept or any other group of states, is a dangerous one, because it would mean that, in a sense, we in the commonwealth were separating ourselves from the United States and coming between the United States and the NATO powers on the one hand and Soviet imperialist communist powers on the other.

I think it is much better to stick to the concept of two blocs, two forces in the world —if there have to be two—the forces of peace and the forces that we think threaten the peace. It is better to line ourselves up with the former and welcome into its ranks any free states wishing to join it. One specific respect in which the commonwealth has been playing a useful part in recent years—and this is a matter which has been referred to by a good many speakers—is in the provision of technical and capital assistance to underdeveloped countries, especially those in southeast Asia and the Indian subcontinent under what we call the Colombo plan. The Colombo plan, of course, is more than a commonwealth arrangement; but it was commonwealth in inspiration and organization. It has proved its value and I hope it will continue to do so.

In this debate, some very strong criticism has been levelled at the government by my hon. friends opposite and by some members of the official opposition, that we have not played an honourable part in this Colombo plan; that what we have done was—I think the words were—a mere pittance, or, as it was referred to by one speaker, an insult to the needs of the problem. Well, of course, Mr. Speaker, as is nearly always the case in any human endeavour, we could have done more. But to keep this project in perspective I need only point out that in the four years of the plan, capital and technical assistance from outside the countries which are members of the plan has been contributed to the amount of $1,300,000,000; last year $340 million, of which Canada will have contributed $128,400,000. That is not large in terms of expenditure on other things. I would be the first to admit that; but I would point out to those who criticize us so bitterly—perhaps "bitterly" is not a fair word, but criticize us so strongly—and I am not objecting to that—and who relate our expenditures in this field to those which we have to make on defence, that the primacy of expenditures on defence is admitted by those very countries which we are helping and who need our help; it is admitted to a point where some of these countries which are receiving capital assistance—and I say this in no way of criticism at all—are now devoting more than half of their already inadequate budget to defence. And some of those countries that are devoting such a high percentage of their budget to defence are the first to proclaim that they have no feeling of menace from attack by outside communist states. I mention this merely to try to show that this is not as simple a problem as is sometimes portrayed. Also, while not unduly satisfied or smug, or certainly not boasting about what we have done, I am not going to be apologetic about it.

I would prefer in this regard to quote the verdict of an outside source, the *Economist*, a magazine which is often quoted in this house and which, writing about the Colombo plan progress report on December 25, 1954, had this to say:

> On the contributing side of the plan, the part played by Australia and Canada is particularly striking.

The *Economist* went on to say:

> In spite of the undoubted achievements of the plan in the past three years, it will be necessary not only to maintain the momentum of economic development in the area but to increase it.

I agree with that. I continue:

> But it is not simply a question of finance. Expert technical advice and training is of equal importance, and in this direction the technical co-operation scheme, together with other parallel projects of technical assistance, has undoubtedly played a major part. It is equally important to get more effective planning as well as better management and administration. None of these tasks can be solved quickly. The Colombo plan's future tasks are measured not in years but in decades.

And so, Mr. Speaker, while none of us needs to be satisfied with what we have done, I think we can look forward to a continuation of this plan with resources from this and other countries and with an even greater field for usefulness than it has had in the past.

A planning conference has been set for Singapore next September, when the whole future of the plan is to be examined, particularly in its relationship to United States support, which has been, if I may say so, somewhat more forthcoming in recent months than previously.

The discussion of the Colombo plan brings me to the main subject which has occupied most of our attention in this debate and which I dealt with when I introduced the resolution some time ago, namely international developments in the Far East. Discussion of that subject has, to a very large extent in this debate, revolved around our Canadian relationship with the United States, to a point where it has been difficult at times to disentangle the two things. I think it is a normal and healthy sign that we should be so preoccupied in this house in a debate on external affairs with the most important aspect of our foreign relations at the present time, namely our relationship with the United States of America. I think of that relationship, important as it is bilaterally to us, in terms of collective action, in terms of collective defence, not merely as something between Canada and the United States, but as something between Canada, the United States and its friends in NATO and in the United Nations. I also try to distinguish, in this defence relationship with the United States, the problems which may come from what we have begun to call peripheral conflicts from those which will be posed by a major all-out war of extermination.

Hon. members will recall that when I spoke some time ago in this debate I tried to make this distinction clear. So far as these peripheral wars, those smaller wars, if you wish to call them that, are concerned, Canada, both through its relationship to the United States and through its relationship to the United Nations or to NATO, might be involved in them. But Canada can hardly remain aloof from the latter. We are also concerned with those smaller conflicts because of the danger that they may spread into a larger conflict. There is no better example of that danger than the situation in and around Formosa and the coastal islands. It is possible, of course, that even if trouble were at the beginning limited to that area, it might spread to this continent. If it did spread to this continent it would be very difficult for us to remain aloof from its effect. The facts of geography, apart from other things, would indicate that. Well, how can it spread? It might spread not by any all-out massive attack from some Chinese communist government on the North American continent, because that would not be possible under present conditions. It might spread by a reaction on the part of the Chinese government's allies, a reaction on the part of the Soviet union, which would result in a massive all-out attack on this continent, the Soviet union being the only power today on the other side which is capable of that kind of reaction.

Now, if that reaction took place as a result of a local conflict in China, that would be an aggression; it would be a violation of the United Nations charter and we would be asked to undertake the commitments which we have accepted as members of the United Nations or the North Atlantic Treaty Organization.

When speaking on this aspect of the question some days ago, the hon. member for Prince Albert (Mr. Diefenbaker) said that if war broke out over Formosa or over the coastal islands that kind of chain reaction would be absolutely inevitable. I think I ought to quote him at this point because this seems to me to be of importance. Referring to the Secretary of State for External Affairs he said, as reported on page 2350 of *Hansard* of March 24:

> He has but to read the words of Molotov in which he stated that the situation in Asia was of equal concern to the U.S.S.R. In that case it is but fantasy to say that what might happen over there would not become an all-embracing conflict.

I did not go as far as that and indeed I do not think the Leader of the Opposition (Mr. Drew) went quite as far as that in his statement, but I do admit that that kind of conflict might spread even though it was not inevitable that it would. I feel, and I am sure that hon. members on all sides of the house must feel, that if it did spread, if that did happen and there was a massive aggressive air attack on this continent, a struggle in which the very existence of the people of the United States and of Canada would be at stake, all our continental, all our NATO defence arrangements and our whole system of collective security which we have built up over recent years would come into play. In that kind of situation, and I limit it to that kind of situation, how could we be neutral?

The hon. member for Winnipeg North Centre (Mr. Knowles) himself admitted this in his statement. I should like to quote from what he said, as reported on page 2877 of *Hansard* of April 6:

> Now, if the minister were merely saying that if a world-wide conflagration breaks out, particularly bearing in mind the power blocs that exist in the world today, because of our geographical position, to put it in the vernacular, we would have had it, one could hardly argue with him.

His leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), had this to say, as reported on page 2356 of *Hansard*:

> Perhaps the minister is right. Perhaps if they—
>
> Referring to the United States of America.
>
> —were engaged in a major war it would involve us automatically, because of our geographical position with them.

I think that in the circumstances which I have mentioned that is self-evident, but I do not from that draw any such deduction as has been drawn by certain members of this house, most noticeably this afternoon, the most irresponsible being that by the hon. member for Three Rivers (Mr. Balcer); I do not draw any deduction from that statement of automatic assurance of support or willingness to intervene on behalf of or with the United States in any war, major or minor, on the continent of China or any place else where that kind of intervention would take place. Whether support in those circumstances could be counted on from Canada would depend entirely on whether our commitments under NATO were involved, whether there was aggression under the United Nations charter.

I want to be quite clear about that. Anything that I said in Toronto and anything that I have said here—I hoped I had made this quite clear the other day but apparently it was not clear enough for the hon. member for Three Rivers—does not mean nor could it fairly be interpreted as meaning that whenever the United States is at war we are bound to participate. It does not mean that we have any obligation to participate in any war except a war against aggression within the principles of the United Nations charter.

Now when I say that, and I am merely repeating what I said in the house the other day, the hon. member for Prince Albert complains that this—I use his own expression—is watering down our support for United States policy which I gave in my Toronto speech. I do not think it is watering down anything at all. What I tried to do the other day, and what I am trying again to do tonight, is to squeeze some water out of the interpretation given to that Toronto speech by careless commentators. Nevertheless, whatever I may have done in the way of squeezing water out, the speech still seems to remain too strong for my friends of the C.C.F. party.

The position that they take, if I interpret that position correctly, is that while this statement in the circumstances which I have mentioned may be true, I should not have said it because it might be misconstrued in the United States and because of that misconstruction they will feel, as someone put it, that they now have Canada in the bag, that our influence will have been weakened or will even possibly have vanished in Washington.

Who would be fooling whom by remaining silent about Canada's position in the conditions which I have outlined? We certainly would not be fooling the United States government by our silence, because they know of our relationship to them in NATO and they know of the relationship which we have built up with them under NATO in respect of continental defence. I hope that silence in this matter would not be fooling any potential enemy, because if it did that it would be bad.

However, it might possibly fool our own people. Silence might be misinterpreted in this country with unhappy results for which the government would rightly be criticized. I prefer the verdict in this matter of the *Daily Telegraph* in London to that of my hon. friends opposite. The *Daily Telegraph*, referring to Canada and the United States, had this to say in an editorial:

> The conclusion to be drawn from the interdependence of the two nations in a major war is not, as some of Mr. Pearson's critics have suggested, that the United States can take Canadian support in a circumstance for granted, and therefore may disregard Canadian views. On the contrary, it gives the Canadian government both the right and the duty to warn and to dissuade.

That remains our right and I hope that we will exercise it on appropriate occasions in Washington. It is also our duty and I hope that we will discharge it on appropriate occasions. It seems to me that the moral of this position is that if all these dangers surround us, little wars with their obligations, or big wars with all their catastrophes, if we are surrounded by these dangers, then the moral is to do everything we possibly can to stop any war before it starts.

I am sorry that the hon. member for Rosetown-Biggar is not in his seat tonight, but I know he has good reason for not being here. I would prefer to refer to his speech in his presence, but I should like to quote what he said, as reported on page 2356 of *Hansard*:

> But I wish to suggest this, that the Canadian people want our government to state forthrightly and without equivocation that we will do everything we possibly can do to ensure that Canada's influence and Canada's policy, especially in its relations with the United States, will be directed toward the avoidance of conflict, political and economic.

We have already given that assurance, but if it will make my hon. friends feel any better I am quite happy to repeat unequivocally that assurance tonight in this house. If we fail, and we might fail, then I suggest that our policy be this: when possible, to

limit conflicts, to prevent them spreading, and then to end them. There is no other policy in the mind of any member of this government.

This debate, Mr. Speaker, has done something else which has caused a good many of us—I know that it has caused me—some anxiety. In certain sections of the house—and I am referring now to the members of the C.C.F. party—it has underlined a very deep uneasiness which they in particular feel about United States policy. That anxiety—and "anxiety" is certainly not too strong a word in view of some of the expressions that have been used in this debate—was expressed both by the leader of the C.C.F. party and by the hon. member for Winnipeg North Centre (Mr. Knowles). In my view these hon. members, for whom, as they know, I have great respect, and others in their group who spoke, presented an unfair and unbalanced picture of the situation, especially in respect of the United States' attitudes and policy towards Asia. I am now talking about the situation in the Far East. I was especially disappointed, and indeed distressed, by the analysis which was made by the hon. member for Winnipeg North Centre, not so much of the policy, but of the purpose of the policy of the secretary of state of the United States. On page 2878 of *Hansard* he said this:

> I think it is Mr. Dulles' primary purpose to keep war away from the United States.

A few words later, he says:

> If he can keep war away from the United States—if he can keep it in the Pescadores, in Quemoy, in Matsu or in northern Canada—his aim is met. His aim is to keep war away from continental United States.

We may have differences of opinion with Mr. Dulles on matters of policy. I have had them myself, and no doubt will continue to have them. We may have one view or the other about the wisdom of his policy, but I think that it is most unfair to suggest that the secretary of state of the United States, who is serving in the government of President Eisenhower, has any other purpose than that which we have in this house, to keep war away and not merely away from the continental United States. I would not like that kind of statement to go on the record of this house without the kind of challenge that I am giving it now.

The hon. member also said—and this sentiment was echoed by other members of his group—that our foreign policy should be made in Ottawa only and not in Washington. Well, Mr. Speaker, as long as Canada is a sovereign state, the decisions in foreign policy and any other policies have to be made in this parliament of Canada. That is a very different thing from saying that our policy can only be made in Ottawa and should not be made or even influenced anywhere else. Foreign policy in this world of interdependence cannot be made in any one country or any one capital no matter how powerful that country or capital may be. We are working together today in a peace coalition, and the very essence of that coalition is that every member of it acts only after discussion and consultation with others. In that sense each member must influence the other members' policy, and I hope it will remain that way, because that is the way it should be. That gives our best chance for peace, by collective policy and collective action. In this respect I am distinguishing between decision and the formulation of policy. Suppose the United States adopted that maxim and made its own policy solely in Washington, or the United Kingdom decided to make its policy solely in London, or the French government solely in Paris; it would not be long before the North Atlantic Treaty Organization would itself dissolve. If it dissolved we would not be worrying so much about whether we were making our own policy; we would be worrying far more about our protection against potential enemies even than we do now.

Foreign policy in a coalition working for peace is bound to operate collectively if it is to succeed. That does not mean that we are merely tagging along behind American decisions. It may be that my hon. friend from Winnipeg North Centre and some of his colleagues think so. He himself said, as reported on page 2877 of *Hansard*:

> We feel the result is that Canada has said—

This refers to my statement in Toronto.

> —that we regard ourselves as quite free to make any decisions we want with regard to foreign policy, so long as they are agreed to by Washington.

Well, Mr. Speaker, with all respect, that is a distorted and unfair interpretation of what I said in Toronto or what I have said in this house, and I only need mention one example to prove how unfair it is. Has Washington agreed to our statement of policy that we will not intervene in Matsu or Quemoy if they are attacked by the forces of communist China? We have made that statement and I am happy to repeat it tonight, but it was not made, nor was the policy decided, after any agreement in Washington; on the contrary. That statement then was unfounded.

Another statement from the same group was made to the effect that apparently I feel now that I have to go along very easily and readily with the views of the secretary of state of the United States. I hope that Mr. Dulles' views will be such that I can go along with them easily and readily, but I can assure

you, sir, if any assurance is needed, that I will not hesitate to disagree with them when I feel that it is undesirable and unwise to support them. It seems to me that the trouble with my hon. friends in the C.C.F. party in these matters is that they take a jaundiced and morbidly suspicious view of everything that goes on in the United States, or at least in the United States official circles. As was pointed out this afternoon in what I thought was a very effective intervention by the hon. member for Vancouver South (Mr. Philpott), sometimes they mistake the clamour and confusion of voices in that vigorous, free democracy for the authentic expression of United States policy. I suggest, therefore, that occasionally they look a little more closely behind the headlines. I also suggest with respect that they look across—not across the border so often—but across the ocean to some of the real sources of danger to peace in the world today from communist imperialism.

The hon. member for Rosetown-Biggar (Mr. Coldwell) and others have done just that. They have looked across the Pacific, and they have found many things which they did not like. I think we can all share to some extent their feeling of uneasiness. But I myself thought—and I hope I am not being unfair to him in saying it—that the statement of the leader of the C.C.F. party on this matter was not a fair presentation of the case. He attacked very vigorously indeed the Chinese government on Formosa and its leader Chiang Kai-shek and what he called his "bloodthirsty war lords". He did not see fit in this statement of his to make any such attack on the Chinese communist government in Peking. He emphasized the danger to peace from Chiang. But I want to point out—as has been pointed out by others, particularly I think by my friend the hon. member for St. John's East (Mr. Fraser)—that it is not Chiang Kai-shek that we are concerned with on Formosa. It is peace and the defence of a people against communist aggression.

He also—and I take particular exception to this, Mr. Speaker—talked about not only danger from Chiang Kai-shek but danger from the United States. This is at page 2357 of *Hansard*. He emphasized the danger of being dragged into a war by the policies that are now being pursued by the secretary of state of the United States. I suggest, Mr. Speaker, that we are in much more danger of being dragged into war by policies that are pursued by the foreign minister in Peking and by the foreign minister in Moscow than we are by the policies pursued by the secretary of state of the United States.

No one wishes to adopt a provocative or bellicose attitude toward any government, communist or otherwise. We are obliged to coexist with them in this world, whether we like it or not. But when the leader of a party in a debate of this kind will spend so much time attacking the policies of our friends, I think he might have spared a word or two for the dangers which might come to peace from the policies of those whom we have some reason to fear.

In his statement he outlined what his own policy—and I presume he was speaking for his group—towards China in the present situation would be. I have just jotted down the four points he made on that occasion. The first was that we should exile Chiang Kai-shek—and this suggestion has been repeated by other members of his party—presumably by force. I do not know who is anxious to take part in that particular expedition.

I have no brief for the government of Chiang Kai-shek. I am not going to object to the facts which the hon. member for Rosetown-Biggar (Mr. Coldwell) stated about the atrocities that were committed in Formosa in 1947, just about ten years ago. It was a dark page in the history of that island and in the history of China. But I would ask him to go a little bit beyond 1947 and to read reports which have been appearing in the Manchester *Guardian* recently by their correspondent, a wise and unprejudiced observer, as to the improvement that has taken place in the government of Formosa in recent years. We do not in this government have to subscribe to the policies of Chiang Kai-shek; we also have a fairly open mind about the future of Formosa and indeed we have been criticized because we have not been more specific in our policy in this regard. But I certainly do not subscribe to any policy which would ask us to share in the ejection of Chiang Kai-shek and half a million Chinese nationalist soldiers from Formosa.

The second suggestion the leader of the C.C.F. made was that we should neutralize Formosa and place it under a trusteeship. I think there is a good deal to be said for that suggestion. That may prove to be the wisest solution to this extremely difficult problem. I think, however, it is premature to be dogmatic on the point or to make up our minds finally on anything like that at the present time. A great deal of discussion is now going on in diplomatic channels as to how this problem of Formosa can be solved in a way which will meet the wishes of the Formosan people and will take that island out of conflict. The solution may turn out to be the neutralization of Formosa and a trusteeship under the United Nations. That may turn out to be the wisest solution. But

I would point out that that particular solution, namely to put Formosa under United Nations trusteeship, is about the only single thing on which the Chinese communists and the Chinese national government agree. They are both violently opposed to it.

So far as Canadian responsibility is concerned over Formosa—I think this had better be repeated, and I will try to make it clear—we have no other commitment in regard to Formosa than that which arises from our membership in the United Nations. That was the position a year ago and that is the position today. We feel that the status of Formosa has not yet been finally determined but we also feel that the communist government in Peking should not use force to bring about that determination. This afternoon my friend the hon. member for Winnipeg South Centre—

Mr. Knowles: Winnipeg North.

Mr. Pearson: —or rather the hon. member for Winnipeg North (Mr. Stewart) had something to say about a press report of a statement made or alleged to have been made in Australia by my friend the Minister of Trade and Commerce (Mr. Howe). I have seen the report to which he has referred and we expect to have a more complete report shortly.

Mr. Knowles: Have you not cabled him already?

Mr. Pearson: But even on the basis of the press report, my colleague the Minister of Trade and Commerce, in answer to a query at a press conference, merely stated that Canada was prepared to go full out for Formosa. To me, Mr. Speaker, that does not sound like an alarming statement and it certainly does not indicate any change whatsoever in Canadian policy in this matter. When he talks about going full out for Formosa, no doubt my colleague had in mind going full out to keep Formosa out of this Far Eastern conflict. In that sense I am sure he will have the support of all members in this house.

Then the third point made by the leader of the C.C.F. was that we should seat communist China at the present time in the United Nations, and he contrasted our policy or the Canadian government's policy in this regard unfavourably with that of the government of the United Kingdom. But I should like to point out that the government of the United Kingdom—which has, of course, recognized the government at Peking as the government of China—has not at any time, so far as I am aware, supported the application of that government for membership in the United Nations.

Then the fourth point he made was that we should not intervene in the struggle between the two Chinese governments over the offshore islands. This afternoon the hon. member for Three Rivers (Mr. Balcer), by a process of misinterpretation of remarks of mine which I find to be completely astonishing and almost unbelievable, somehow or other got the impression that our policy was to intervene in the struggle for the offshore islands, and he contrasted our policy with that of the United Kingdom. It has been said more than once—I have said it already tonight and I do not mind repeating it, if necessary—that it is our policy to stay out of this struggle for these offshore islands, and I think that other governments would be well advised to adopt the same policy. I am even bold enough to hope that that will be the policy which will be adopted in due course by all governments concerned.

Then the hon. member for Rosetown-Biggar, supported by some of his friends, criticized the United States because the line of defence which the United States administration was drawing was too far from North America. My friend the hon. member for Winnipeg North Centre (Mr. Knowles), as he will remember, made quite a point of the same criticism. In that part of his speech the leader of the C.C.F. had this to say about the United States, as reported at page 2358 of *Hansard*:

> Why not for a change—

And I think he was referring to me.

> —be outspoken about United States policies that are equally imperialist in a sense, not in the same sense as the old imperialism used to be, but in the sense that there is an attempt to control a very large part of the world through bases and by display of arms.

He worried, as did some of his friends, that in that attempt to control, as he put it—and I do not think this is a fair description—the United States government had extended its front lines of defence across the Pacific ocean far away from the shores of continental United States.

The hon. member for Vancouver-Quadra (Mr. Green) brought up the same point, but, instead of criticizing the United States for its far-away defence line, stated flatly that we should follow this example and our first line of defence should be Formosa, as it is for the United States. Well, Mr. Speaker, I think that this whole concept of geographical defence lines used for political purposes is misleading, and can even be dangerous. On the one hand, if Formosa is a vital first-line position for the United States or for any

other far-off country, then it could be argued with great validity that the offshore islands should be protected as vital to that vital first-line position. If that is so, then the coast of China is vital to the protection of the islands, and so on until every bit of territory you could secure becomes a first line.

I believe, however, it is equally dangerous to suggest that no country in its search for security has any right to establish a line of defence outside its own borders. Where was our first line of defence in 1939? Hitler said it was not in continental Europe, that we should be out of continental Europe. It had nothing to do with us because we were across the Atlantic and the British were across the channel. He said, "Clear out; this is not your line of defence". If our line of defence must be a geographical line close to our own territory, what are the British and ourselves doing in Europe today? It is because the first line of defence of Canada, in that sense, is in Europe that our men are there. Therefore, the argument does not seem to be impressive, one way or the other, as a geographical argument. The fact is, Mr. Speaker, surely that our own line of defence is attacked and our own security is jeopardized whenever a free people anywhere is the victim of aggression. In fact, our safety is endangered whenever there is any war any place. Our only safe line, therefore, is peace. Our only safe policy is to join with friendly states in maintaining that peace and preventing war by collective action.

The hon. member for Vancouver-Quadra—I am sorry he is not in his seat tonight—asked me three other questions in addition to this question about our first line being in Formosa. One of them was, is it the belief of the Canadian government that the offshore islands, Quemoy and Matsu, should be handed over to red China in the hope of inducing the communists to stop fighting? I think I have answered that.

His second question was, does the government believe or does it not that in the Pacific communist aggression can be stopped by giving up territory? I think I have tried to answer that, Mr. Speaker.

Then he added, will the minister tell us whether the Canadian government believes that the British should give up Hong Kong? This does not seem to be a very relevant question in the context of this debate. Certainly, it is not relevant to the situation of the offshore islands or indeed in Formosa. I know that in certain quarters it is being suggested that because the British are reluctant to help in the event of the invasion of the offshore islands, other people should be reluctant to help the British maintain their position in Hong Kong. The offshore islands, of course, are part of China and are incidental to a war between two Chinese governments, so that is not the same thing either legally or politically as the position of Hong Kong, whatever one may think of it in other respects.

Then the hon. member for Vancouver-Quadra came back to his favourite question. I was quite certain he would not make an intervention in this debate without tackling me once again with it. He asked me, will the Canadian government work for and advocate a protective grouping of the nations of the Pacific such as exist in the North Atlantic Treaty Organization? I wish he were here so that I could give him exactly the same answer as I have given him six or seven times before. It would be along this line. There is no single arrangement in the Pacific at present which is along NATO lines. It has been considered that the arrangement should not be along NATO lines because of different conditions in the Pacific. The south-east Asia defence organization, which he had in mind, has no such commitment as NATO at all. The main reason why it has not got such a commitment is that the United States would not accept one in those circumstances.

I could tell him tonight if he were here, as I have told him before, that we are not therefore taking any initiative or accepting any invitation to extend our commitments in that area, that is in the Pacific, beyond those which we now have and which include our commitments under the charter of the United Nations. I do not think he had any right to go on to say, as he did, that because we would not extend our commitment in this way we were not alert to things happening in the Pacific and we were more interested in Europe. I would suggest, Mr. Speaker, that what has happened in Korea, and what is now happening in Indo-China, is sufficient evidence that we have and retain a very genuine interest in what goes on in the Pacific and Asian areas.

In closing, Mr. Speaker, I would return almost to where I began. The subject which has loomed so large throughout this debate has been our relations with the United States and our preoccupation with those relations. This preoccupation, indeed this anxiety, is understandable over our relations economic, our relations political and our relations strategic. I suggest that that relationship, vitally important as it must be to us and as it has been in the past, will be even more so in the future. A relationship to be successful on both sides must be based on mutual respect, a freedom to hold and to express our

own views. I assure my hon. friends who have been criticizing the government because we have not, as they have said, had enough courage to express those views, that they do not feel any more strongly about that than we do. However, we in the government happen at this time to have some responsibility for the conduct of international relations. It is not always advisable in the conduct of diplomacy and international affairs, even with our best friends, to shout from the housetop and throw our weight about, in order to impress our own people with the fact that we are very independent.

This relationship must also be based on recognition of the fact that if our coalition, which is now headed by the United States, breaks up, then indeed there will be a grave danger to peace and security. I suggest, therefore, that while we must be independent and speak up when it is necessary to do so, we must be sure we do nothing avoidable by our words and by our deeds to further that wrong end of disunity and division. When we do disagree with the United States we must be sure that that disagreement is not based on a narrow conception of our national interest, but is a disagreement which goes to the very basis of the coalition policy and which we maintain on the highest principles of peace and international security.

It is quite true that there are strains and stresses on the coalition at the present time. There has never been a coalition, even in wartime, which was easy to manage. In peacetime, they are not very often necessary. But in a period such as we have at present, between peace and war, a coalition is not only desperately required, but it is very difficult indeed to manage. So there are stresses and strains now pressing against it, but we will be able to weather them. It is quite true that the greatest of these at the present time is in the Far East. I have not come across a better short expression of the nature and the importance of these Far Eastern strains than I found in a paragraph in the April 9 edition of the *Economist*. It reads as follows:

> The danger of the next few months is that, confronted by the threat of renewed fighting off the China coast, many otherwise sensible people in Britain—

And the writer could have added Canada.

> —will say that they would rather have peace than the American alliance. Nothing, in fact, could be sillier, for there is no such choice. It is still possible to have both peace and the alliance. It is certainly not possible to have peace for long without it.

We wish to have in this parliament and in this country both peace and the alliance—not merely the American alliance but an alliance for friendly co-operation with all peace-loving free countries of the world.

Motion agreed to.

HISTORIC SITES AND MONUMENTS ACT

AMENDMENTS RESPECTING DEFINITIONS, TRAVELLING EXPENSES, ETC.

The house resumed, from Thursday, March 31, consideration in committee of Bill No. 182, to amend the Historic Sites and Monuments Act—Mr. Lesage—Mr. Robinson (Simcoe East) in the chair.

On clause 1—"*Historic place*".

Mr. Bell: Mr. Chairman, I should like to make a few remarks about these words that have been added concerning age and architectural design. I do not mean that they should not have been added, but I do say that difficulties could arise in time.

First, I believe there might be some danger of stressing the architectural factor of these sites, rather than their age. Secondly, I think we should be careful to watch the interpretation of the word "age", because so far as different areas in Canada are concerned, it is a purely relative term. For example in the maritime provinces, one of the older areas, we have a great many historic sites which are fast reaching a state of destruction and falling into misuse. Action must be taken quickly if they are to be saved.

There is a tendency nowadays to sectionalize procedure in respect of the sites. For example, it may be suggested that there would be one for Ontario, one for Quebec, one for British Columbia and one for New Brunswick. I suggest we should move quickly in respect of those sites of great age in the older sections of Canada, because they will not remain there long. It is easy enough to mark a tablet or a cairn, but we must take action quickly in respect of the sites.

For example in Saint John, the loyalist city, I believe there are only two of the old loyalist buildings left, and they will not remain much longer. If an effort is made to sectionalize and to group everything, we will miss out in the preservation of these buildings.

A Saint John paper of yesterday proves my point perhaps better than I could prove it in argument this evening. The article to which I shall refer concerns a visitor to our city who, upon arrival by aeroplane, got into an argument with a stranger. This visitor is quoted as saying:

> "I couldn't mind my own business", she conceded with a laugh. "I told him this was the oldest incorporated city in Canada, where people knew how to live graciously. I told him there were

culture and graciousness here 200 years ago, when people were eating beans in what is Ottawa today."

This statement of appreciation of that old culture was made by Mayor Charlotte Whitton, a very well known educator and historian in this area. And so I just leave with hon. members the thought that, in the matter of age, we must move fast in respect of some of these sites in the older areas of Canada.

Mr. Nowlan: Apropos of what has been said by the hon. member for Saint John-Albert, I believe the minister has a problem on his hands in dealing with the definition of what is to be construed as of national historic interest. The hon. member has referred to certain buildings formerly occupied by loyalists in the city of Saint John, buildings which undoubtedly should be preserved.

Members from other provinces could refer to other matters of local, and sometimes of provincial and of national interest. I believe there must be co-operation between the national historic sites and monuments board and provincial governments and authorities so that buildings and sites of provincial interest will be maintained by provincial authorities and those of national interest maintained by the national board.

For instance in Nova Scotia the provincial government has bought certain buildings which might be considered to be of national importance, but which most certainly have great provincial significance. I should like to see worked out some *modus vivendi* by which this could be done, and I would hope the minister would encourage the board along these lines. I would hope that it would work in closer co-operation with the various provincial governments. Perhaps a line could be drawn—it might be a tenuous one—between provincial matters on the one hand and federal on the other so that we would achieve the preservation of those sites which should be preserved, for the perpetuation of historic interest.

Also I believe the minister might ask the board to act as advisers to various departments of government, particularly the Post Office Department, to see that historic stamps are issued at proper times, and to act as custodian and adviser in respect of the preservation of these historic landmarks for which the minister's department is responsible.

Clause agreed to.

Clause 2 agreed to.

[Mr. Bell.]

On clause 3—*Living and travelling expenses of appointed members.*

Mr. Nowlan: Do I understand that the sum of $75 is the total amount to be paid out in a year for clerical and stenographic assistance to the chairman of the board and $30 per year to the members? It seems to me there should be much more money than that available for secretarial assistance, or the board will not be able to do the work which I would hope it would do.

Mr. Lesage: Previously members of the board had no allowance for clerical assistance, and they suggested that $30 would be acceptable.

Mr. Nowlan: Is there any amount available, other than the sum mentioned in this clause? And just to anticipate the minister's answer, I understood that it was to be the policy of the department that a permanent official from that department would act as secretary. That being so, I would assume that secretarial expenses would be borne by the department rather than by the board as such.

I would urge that if there is to be only $75 for the chairman and $30 for each member to carry on the secretarial work of the board, then the House of Commons should not have spent the time it has spent on this measure, because the board will not be able to do the work it should do.

Mr. Lesage: The secretary of the board is an employee of the Department of Northern Affairs and National Resources, and most of the secretarial work is done in the department for the board. However, the members of the board have to do some work when they are in their respective provinces, and the amounts which are proposed in this clause are to cover the clerical expenditures that they have to meet when they are outside of Ottawa.

Mr. Nowlan: The general expenditures of the board will be borne by the minister's department. Do I understand that?

Mr. Lesage: Yes. The secretarial work is done in the department.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NATIONAL PARKS ACT

AMENDMENTS WITHDRAWING LANDS, CREATING NEW PARK, ETC.

Hon. Jean Lesage (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. 261, to amend the

National Parks Act and to establish a national park in the province of Newfoundland.

He said: Mr. Speaker, His Excellency the Governor General, having been made acquainted with the purport of this bill, has given consent so far as Her Majesty's property rights are affected and the house may do therein as they shall see fit. I gave fairly full explanations of this bill at the resolution stage. I shall be ready in committee to discuss the various clauses, which would permit of a more orderly discussion because the various amendments differ widely one from the other.

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

On clause 1—*Use of water.*

Mr. Johnston (Bow River): It seems to me that this bill should be set over until another day because it certainly was not indicated to us that it was to be proceeded with tonight.

Mr. Lesage: Yes, last night.

Mr. Johnston (Bow River): I did not so understand.

Mr. Lesage: It was in the order of business mentioned by the leader of the house last night.

Mr. Johnston (Bow River): I would suggest that Mr. Chairman call it ten o'clock. It is two minutes to ten.

Mr. Lesage: It is five minutes to ten.

Mr. Johnston (Bow River): It would be more appropriate if we had a full discussion of it on another day. Would that be agreeable to the minister? Will you call it ten o'clock, Mr. Chairman?

The Chairman: Shall I rise and report progress, and request leave to sit again?

Some hon. Members: Agreed.

Clause stands.

Progress reported.

On motion of Mr. Lesage the house adjourned at 9.57 p.m.

HOUSE OF COMMONS

Friday, April 22, 1955

The house met at 2.30 p.m.

PRIVILEGE

MR. THATCHER—ANNOUNCEMENT OF RESIGNATION FROM C.C.F. PARTY

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): Mr. Speaker, may I crave the indulgence of the house for a moment to speak on a matter of personal privilege. On three different occasions I have been elected to this parliament as the standard bearer of the C.C.F. party. During those years I have appreciated the privilege of working with C.C.F. members of parliament and with the leader of this group, the hon. member for Rosetown-Biggar (Mr. Coldwell).

However, I regret to say that recently there have been growing differences between myself and my colleagues on matters of major public policy. At one time I had hoped these differences could be resolved. However, the present session of parliament has convinced me that such a hope is futile. Therefore, in fairness to my leader and in fairness to my colleagues and in fairness to myself I feel that I have no alternative but to resign from the C.C.F. party.

This is not the time to deal in detail with our differences, but I shall take an early opportunity in the house to explain the reasons for my action. For the remainder of the present parliament I propose to represent the constituency of Moose Jaw-Lake Centre as an independent member. I shall not apply for membership in any other party. I shall continue to support those measures and motions which I believe to be in the best interests of the people who elected me, no matter from what quarter they are advanced.

Under these circumstances I must ask you, sir, to allocate to me a seat in another part of this chamber.

COMBINES INVESTIGATION ACT

LOSS-LEADER SELLING—AVAILABILITY OF EVIDENCE

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I was asked yesterday by the hon. member for Kamloops whether I would table the evidence received from the restrictive trade practices commission in the course of an inquiry into loss-leader selling. I am now tabling such evidence. I may say that it is not on the table, but rather on the floor beside me. It is quite voluminous, and I doubt if there would be enough clear space on the table as presently covered to accommodate this evidence.

This voluminous evidence falls into two parts. The first part is the green book, as it was referred to throughout the hearings, which contains the information that was collected by the director of investigation research for the purpose of laying before the commission. The second part consists of the transcript of the evidence which was given before the commission in the course of the hearings which it held across Canada last summer and fall.

Mr. E. D. Fulton (Kamloops): Mr Speaker, may I express my appreciation to the Minister of Justice for the rapidity with which he complied with the suggestion I made yesterday. May I ask whether he will table more than one copy and, if not, whether he could inform the house whether the evidence is generally available, or whether this is the only set.

Mr. Garson: We would be in a position to supply a reasonable number of copies to any members in the house who are interested. But we could not by any means supply every member of the house.

IMMIGRATION

UNDESIRABLE ALIEN REPORTED DETAINED BY MONTREAL POLICE

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, since my question affects two departments of government I am wondering if the Prime Minister would care to make a statement regarding an American gangster earlier identified in this house by myself as an undesirable alien, since detained by the Montreal police department and now being held by the immigration department in Montreal?

Right Hon. L. S. St. Laurent (Prime Minister): No, I have no information I can communicate to the House of Commons in connection with that person.

Inquiries of the Ministry

COAL

REPORTED CLOSING OF NOVA SCOTIA MINE

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Minister of Mines and Technical Surveys. Has the minister received a telegram from Glace Bay with regard to the reported closing of Dominion No. 1-B colliery? If so, has he any statement in regard to the matter, or any statement in regard to the situation there from the point of view of employment?

Hon. George Prudham (Minister of Mines and Technical Surveys): I have received several telegrams relating to the announced closing of No. 1-B colliery. Most of those telegrams cited the loss of markets as the reason for closing. My understanding is that the real cause of the closing is the high cost of production. That problem has been clearly understood by both management and labour for some time, and I believe the announcement of the closing of the mine has been made after very careful and serious consideration by both management and labour.

Mr. Drew: Has the minister given any consideration to the possibility of appointing a group of experts, either from his own department or from outside, to examine the opportunities that may present themselves to make other uses of this colliery, if necessary, in view of the very substantial dependence of a large number of people in that area upon that operation?

Mr. Prudham: Mr. Speaker, I do not quite understand what the Leader of the Opposition means by "other uses". There can be only one use of a colliery, and that is to produce coal. For the last two years the problem has been given very careful consideration by the dominion coal board, management and the unions. Only recently a representative of the Nova Scotia government was in Ottawa, and a plan was suggested by me to that representative. He was to take that plan back to the Nova Scotia government, the mining company and the unions. As yet I have had no further report as to how that suggestion was received. It is my intention to get in touch with the president of the company today to see if the suggestion is considered to have any merit.

Mr. Drew: This is not in any way by way of a debate, but since the minister said that he did not know what I had in mind in suggesting other possibilities, may I say I was thinking, for instance, of the fact that in other countries there have been cases where mines which became uneconomic, from the point of view of ordinary operations, became very economic from the point of view of the development of electricity right at the mine head. I had that in mind, and other similar possibilities, in view of the substantial dependence of a large number of people upon this operation.

Mr. Prudham: Mr. Speaker, you just cannot produce electricity economically with $11 coal at the pithead.

Mr. Gillis: May I ask the minister a supplementary question? Is it correct to say that in so far as the government is concerned, jurisdiction over this matter that the Leader of the Opposition is inquiring about is in the hands of the provincial government? Second, I should like to ask the minister whether the provincial government of Nova Scotia has made any representations to his department with respect to relinquishing control of the industry in order that the federal government might take some action?

Mr. Prudham: No, Mr. Speaker.

GRAIN

LIFTING OF ALLEGED EMBARGO ON MOVEMENT TO THE LAKEHEAD

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, may I direct a question to the parliamentary assistant to the Minister of Trade and Commerce? Has the embargo on Saskatchewan grain moving to the lakehead been lifted?

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, the hon. member was kind enough to send over a notice of his question. In answer, I may say that there never has been any embargo by the transport controller. The railways had too many cars on track at the lakehead, and accordingly would not move any further cars to that destination. The situation has come to an end with the settlement of the strike and the opening of navigation on the lakes, and there should be normal movement from now on.

ADMINISTRATION OF JUSTICE

RESPONSIBILITY FOR LOCATING AND DETAINING UNDESIRABLE ALIENS

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, may I ask the Minister of Justice whether the Royal Canadian Mounted Police will continue to leave to the Montreal police the responsibility for locating and detaining undesirable aliens, such as Michael Joseph Consolo, who was turned

over to the immigration department this afternoon by the Montreal police?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, ordinarily, in those provinces in which the enforcement of the law is carried out by the provincial and municipal police forces, as in Quebec, the apprehension of criminals is the responsibility of those police forces.

With regard to my hon. friend's question, of which he did not give me notice, I shall be glad to discuss the matter with our own officers of the Royal Canadian Mounted Police to see whether there is anything further that I need to add to what I have just said.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 20, consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. Coldwell.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, the budget debate so far has proven, among other things, that the Conservatives are bankrupt of ideas. Certainly, there is a marked resemblance between the amendment that they proposed to the speech from the throne and the amendment they moved in this budget debate. I also note that the leader of the socialist party, the C.C.F., did not at this time propose any socialistic means by which he could cure the ills of the nation. That certainly is a step forward.

The Minister of Finance is a charming man, but he is a Conservative wearing a Liberal mantle. His budget is a palliative, not a cure. It reminds me of an injured man who is given a cane and who is so badly injured that he requires a crutch for support.

Finance in this country today is a sick man, and I would say that it needs the full treatment. Time and conditions will prove that the Minister of Finance might have been the emancipator of all time. Instead of that, I think we shall have finally to record that he is just another tax collector. Instead of throwing caution to the winds, he has decided to follow the Conservative caution that I spoke of earlier. I am almost led to believe that he read some of the budgets that were brought down in the late Prime Minister R. B. Bennett's regime, for certainly he has nothing further to offer than was offered at that time.

I may say that I have always admired the new Minister of Finance. I have always thought of him as a man of vision. Instead of that, I find him a man of revision. He has merely revised the tax structure that has been in existence for some time. I hope the minister will be at the proposed dominion-provincial conference. I would suggest he will find in the discussions at that conference that some of the ministers of finance from the far western provinces will propose new techniques and new principles which might be able to straighten out the affairs of this country. What we require today are alternatives, not remedies. In his first budget he has failed to relieve those who need it most. The man on the low fixed income is the man who gets the least. The man on the small superannuation and on the small annuity gets nothing. I find the budget does nothing for the old age pensioner, or for the war veterans allowance man who is unable to obtain casual earnings. It does relatively little for the blind and disabled. To my way of thinking, their plight is worse than it was a year ago. It does nothing for those who are on old age security. The budget reminds me of the biblical story. When the rich were putting their gifts into the treasury a widow put in two coppers, and our Lord said that she had put in more than all of them. The same widow is still putting two coppers into the treasury, and putting in more than all the others.

It is not my intention to treat the budget with derision, but I say that it is an orthodox conservative budget. It does not go far enough. I congratulate the minister upon the tax concessions and the tax cuts that he has made. It is the purpose of the opposition to offer constructive criticism, not just criticism that will tear down the house that we have built. The leader of my group gave some constructive criticism, methodically and well. It would be presumptuous of me to review all the information that he gave. Before going on with that, let me say that the tax cut now given is too little and too late to cure depressed industry and relieve the unemployment situation as it exists at this time. The situation will deteriorate still further unless additional action is taken by the government.

What we need is an injection of more purchasing power. We must have a balanced economy. We must balance the purchasing power within the nation with the productive capacity of our workers. It is most important that this injection of purchasing power should be made where it will do the most good.

Studying the matter I would say that the quickest way to create work today would be

to create a demand for the goods in connection with which we have the heaviest turnover, such as food, clothing and automobiles. The Minister of Finance (Mr. Harris) took care of the automobile matter to some degree with his 5 per cent reduction in the excise tax, but putting money into durable goods at this point is not of as great value from the point of view of creating immediate employment for people now unemployed as other methods would be. It will not cure the problem which is quite likely to continue and grow.

The greatest market for non-durable goods is to be found among the people who have no money, those who do not pay income tax, those who do not buy automobiles. The removal of the sales tax on clothing and textiles would create an increased demand for those particular goods and this demand would be set up almost immediately. It is quite possible that it would help in offsetting the unemployment which is prevalent today in the textile industry. If we had taken the sales tax off textiles we would have done more to create jobs in this country at this time than is being done by the reductions in the income tax. It certainly would have made the dollars which these poor people have go considerably further and would have created a demand for the goods which they require so badly.

It would be better still to inject purchasing power into the hands of these people themselves. This group consists of unemployed employables, war veterans on disability pension, those who are in receipt of annuity or superannuation payments and those who cannot make money by casual work because they are handicapped or because there are no jobs available. We could create purchasing power by increasing the old age pensions paid to our senior citizens. We could increase purchasing power by giving larger old age security payments.

We could also assist materially by putting dollars into the small annuities, into all annuities for that matter, and making them worth what they were when people first purchased them. You will possibly remember, as I do, the days when we saw large signs in our post offices and banks telling people to prepare for their old age by buying annuities or pensions of one kind or another. The people who bought those annuities some years ago were led to believe that if they bought a $20, a $30, a $40 or a $50 annuity it would be worth that amount of money when they needed it most.

However, the opposite is true today. The $50 annuity is worth approximately $25 today. Let us reward these people for their thrift and foresight in investing in post office annuities and other forms of annuities by putting dollars back into the annuity fund.

I do not intend to spend any great amount of time discussing the budget, but I should like to draw to the attention of the minister the excellent way in which my leader drew attention to the relationship between agricultural production, labour and national income in the United States. I believe it was discovered that when you have a maximum of labour, farm income and production the ratio is 1-1-7. I commend my leader's address to the minister's careful attention because it is quite possible that in this lies the key to an economic formula for full employment.

I listened with considerable interest to what the hon. member for Spadina (Mr. Croll) had to say during the course of the debate about a guaranteed annual wage. It is not my intention at this time to discuss the guaranteed annual wage because I think we can do a better job and be able to speak at greater length when the estimates are before us. However, I was struck by one point in his speech. I think he gave an excellent discourse, but then he tried, not with the same success, to make out a case against it.

There was one thing that did stick in my mind, that is his suggestion that if the auto workers were not continuously employed in building automobiles under a guaranteed annual wage they might turn to the making of cuckoo clocks. I wondered what was to happen to those who were already employed in the building of cuckoo clocks. Possibly they would be busy building something else of which somebody else had already produced too much.

As I said earlier, I would refer the minister to the address of my leader and his reference to the plight of the farmers. We have noted from time to time the fact that our labour problem depends largely on farm production. Whatever the labouring man creates is quite often the direct result of what the farmer has produced and what he has received therefor. I do not intend to debate this problem because, as I said before, there has been so much said about his plight and the effect of what he produces upon the nation as a whole.

There are other groups that could be dealt with at this time. There is the case of the old age pensioner, the blind person, the disabled person and the men and women who are receiving old age security. I am quite satisfied, as is possibly every hon. member in this house, that this problem is not being adequately dealt with today. We should spend more time studying what can be done for

these senior citizens. With automation and the fact that jobs are becoming fewer, these people have not the funds to carry on, and we must find some way of looking after them. Their plight can and will probably be discussed at the appropriate time on the estimates.

However, there is another group in regard to which I have checked the estimates carefully to see whether I can include it in the discussion on the estimates; but I cannot. Therefore I propose to tell you something about their difficulties. They play a most important part in the economy of the community and they are a most important economic group in the business of the nation. They are the forerunners of the metropolitan areas, they are the financiers of the community, and they are the hardest hit in times of depression. I refer to the small retail shopkeepers. What drew them to my attention was an article in the dominion bureau of statistics "News Notes" of April 1, 1955, from which I quote:

> The number of commercial failures under the Bankruptcy and Winding Up acts increased 37 per cent last year from 1,657 in 1953 to a post-war peak of 2,278. Defaulted liabilities jumped to $53,142,000 from $32,818,000, average liability per failure increasing 18 per cent.

Now I know that this refers to commercial failures and does not necessarily include all retail merchants. However, it does include the retail merchants. They, as I said earlier, have played a most important part in the building up of our community and of our nation, and I feel that they have not been given the consideration which we are capable of giving them. The small shopkeepers in this country do approximately 60 per cent of the nation's business; the chain stores in comparison do 40 per cent.

Let us examine the significance of the statement which I have just read. It means in effect that there are 2,278 families who have become financially destitute. It means that those employed by these commercial enterprises are temporarily unemployed. It means that we are going to add all these people to the unemployed list. It means in effect that our employable unemployed list has grown by 2,278 families plus all the people whom they have employed.

That is a most discouraging state of affairs. Here we have people who have lost their life savings. They have no compensation; they have no unemployment insurance; they are destitute. They have given their all to the growth of this country and to the growth of their small communities. They are probably the greatest philanthropists within the nation, and yet there is not a place where we find we can discuss their plight. It is a tragedy of our economic system that these builders of our community life should finish their business careers in this way.

There are certain factors which cause these failures. Some of them are of a personal nature over which we as a parliament have no control. However, I am not interested in their personal shortcomings. I am more interested in what we have done and what legislation we can pass in order that we might see that these continued failures should not be with us in the future, especially if they are not due to their own personal shortcomings. I speak of the economic aspect over which the small merchant has no control and all the legal technicalities which might be involved in giving him assistance.

The first of these items which I have listed is the fact that buying in quantity means that we should be able to purchase at a discount. I do not know whether hon. members are aware of what buying in quantity actually means. It means to some companies that if you buy one case of goods you are not buying a quantity but if you buy five cases of goods you are buying a quantity. Most people have the impression that one has to buy a carload lot of goods before one is buying a quantity. Does the hon. member have an observation to make?

Mr. Byrne: You are selling a fine bill of goods.

Mr. Hahn: Thank you. I hope to continue selling it too. Most people have the impression, as I said, that in order to buy a quantity one must buy in carload lots or at least in multiples of ten. Such is not the case. I am thinking of a particular item which you would be buying in quantity if you bought five items; but you have to buy ten to get a further increase in discount. If you buy 25 you are buying actually at carload lot prices. A particular firm may have 25 different items, and does not care which one of the items you buy. You can buy one of each, which means that it takes just as much bookkeeping and there is just as much trucking involved to pick up each one of the 25 items. You are supposedly buying in quantity, but in effect you are not buying in quantity in the true sense of the word. However, you are getting the advantage of a 25-case purchase. That is one of the reasons why we find that chain stores are possibly able to undersell these smaller retail merchants who are trying to be competitive with them. The man who is helping to build the community contends, and I contend, that buying in quantity should mean certainly buying more than one item, or one per article, not

25 items each of one different article, especially when the same amount of bookkeeping and the same trucking and so forth is involved in carrying out such a transaction.

To illustrate my point further with respect to the sales made by the small retailer as compared with the chain store, I would say this. If the chain stores were to purchase all their goods from the one wholesaler and were to get the chain store price, the wholesaler would in all likelihood go bankrupt. Today the small merchant is in effect subsidizing the chain store. The small merchant is buying 60 per cent of the wholesaler's product, as against 40 per cent by the chain store. In effect it means this. For purposes of illustration, we will use a lot of 100 cases of goods which are sold on the national basis of 40 to a chain store and 60 to the small retail merchant. If each of those pieces of goods is worth $7—assuming it is the net cost—the net cost of that parcel of goods would be $700. If the wholesaler is willing to sell that commodity to the chain store at 10 cents less than cost and to the small retailer at 10 cents more than cost, the price will then be $6.90 to the chain store and $7.10 a case to the small retailer. The 40 cases of goods which the chain store buys at $6.90 would return to the wholesaler 40 times $6.90 which would be $276. The 60 cases of goods which are sold to the small retailer at $7.10 would, in effect, give the wholesaler $426. That would be his net return. The wholesaler then, adding those two figures together, would receive for his goods $426 plus $276 or $702 in this transaction.

In effect what has happened is that the wholesaler has sold his commodity for less than cost to the big chain store and for more than cost to the small retailer, and has still wound up with a $2 profit on the whole transaction. That is something that is being done. For that reason I say that the small retailer is subsidizing the chain store today. I contend that that is not fair business practice. I contend that we in this parliament should take action to see that no commodity is offered for sale, unless it is on a clearance basis, at a price less than wholesale to any particular group of merchants or individuals. The small merchants of this country should not be discriminated against.

A second factor in this matter is the unethical practice of coupon disposal. I am satisfied, Mr. Speaker, that each hon. member from time to time has seen the coupons that are offered by certain firms in this country and that are put out as an introductory offer. In one instance I am thinking of a soap firm in the city of Edmonton. I think it was called Soapone. Those people issued thousands and thousands of coupons to the merchants in western Canada. Then after the merchants had given the 10 cent value per coupon, they failed to recover them. The firm went bankrupt.

A coupon is a form of money and its use should not be permitted in that particular sense. If those companies are willing to sacrifice 10 cents per box as an introductory offer, I would say they should be compelled to issue box lots or case lots to the merchants at a discount sufficient to enable them to quote their price 10 cents below what would be the normal price at a later date. That would be the fair way of doing things instead of what is being done now where, because some particular lady happens to bring along her coupons or because she has an accumulation of them from her neighbours who do not use that particular brand of soap, she has an advantage over the other ladies. That part has nothing to do with the actual merchandising of it. The fact remains, though, that here we have coupons being given to the merchants who take them in good faith and, having taken them, find that they cannot recover their money from the firms in question because they have either gone bankrupt or are unwilling to accept responsibility for the issuance of those particular coupons.

Then there are other unethical practices in respect of this coupon letting. I remember a particular instance—and it also took place in western Canada—in which the small merchants were going to be the outlet for a new brand of soap. The purpose was to introduce a new type of soap of one of the larger soap companies. In this instance the merchant was approached by the supervisor of the soap company and it was proposed that if he bought, let us say, five cases of soap, which would be 60 packages, he would be given 60 coupon cards. On each one of those cards he would have to put the name of one of his customers. Then it had to be sent through the mail to this particular customer. The customer in turn was to return it to the storekeeper and it could be retrieved on that basis.

What it was, in effect, was a grandiose scheme to force the small merchants to buy cases and cases of soap that they did not require. I had occasion to go into one merchant's store subsequent to the offer of this particular deal. Two years later he still had that particular soap in the warehouse. Because he had 500 customers, he obtained 500 boxes. But the soap men knew full well that only about 10 per cent to 15 per cent of these coupons are ever recovered. By this means they were able to get rid of their commodity, get the finances from the merchant who was obliged to pay for this product, and the result was

that the merchant became, in effect, an unloading centre for the manufacturer of this particular soap product.

Then there are certain other unethical procedures that are being followed in today's merchandising. We have deals between manufacturing firms and particular chain stores whereby a chain store is given a certain sum of money for a display in their store. The offer is this: If you give us this particular spot—let us say in a window—for advertising purposes, you will get $2 from our firm. But no little merchant is given the advantage of that same deal. He is never given the same offer. If he inquires about it, he is merely told that it is not open to everybody. Mr. Speaker, if it is right for a chain store to be given this particular treatment—and I call it unfair treatment as far as the small merchant is concerned—then the small merchant should be given the same treatment. We should have the same treatment for the chain store and the small merchant if we are going to keep our equal tenor of good feeling in the business world today.

I also find that if you take five cases of a particular product, possibly you get less in the way of advertising allowance than if you take ten cases, or if you give them a particular spot near the cash register which seems to be one that most of them want.

An hon. Member: It is another form of discount.

Mr. Hahn: It is, in effect, another form of discount that the small merchant is not being given the privilege of enjoying. I say that the same offer should be open to the small retailer. I say that if he is willing to devote a space in his small store to the advertising of a particular product, he should be given an equal discount for it. We have the small merchant, in effect, first subsidizing the price to the chain store and, second, subsidizing the advertising of the chain store.

Then there is one other factor—and I think this is a fairly well established one—namely that no cost price is established for certain of the products that are for sale today. If it is established, certainly nobody is aware of it. We have instances were you buy five cases of a particular brand of soap. I am using soap again as an example because it is one of the most culpable in this instance. You buy five cases at a price discount. You devote a certain store space to it. You can just about guarantee that another of their products of a similar line will be down 20 cents a case the following week or even 40 cents a case. Thereby they are setting no cost value or no price value on it. Possibly between the two levels there is a cost, but because the demand is less for one product they immediately cut its price in order to increase demand, with the result that they have the small merchants coming and going in trying to arrive at an equalized price. The small merchant is always on the short end of the stick because he never has a chance to become and remain competitive with these large chain merchants who are only concerned with one thing, the elimination of the little man.

I charge that there is virtually a combine among the soap companies. They control the soap business of the country. They control soap supply. I am speaking of Lever Brothers and Procter and Gamble. There should be an examination into their unfair practices and it should be determined whether or not the same rights are being extended to the little merchant as are being given to the big merchant. It should be determined by what form of advertising or other method the soap companies are letting the little people know that the same rights are afforded to them.

This is the type of economic practice that is today killing the small retailer. As I said earlier, the little merchant is subsidizing the chain stores. Canada is today losing a share of income tax from the large wholesale outlets of these chain stores by reason of the fact that we find so frequently the wholesale firm has its own retail outlet with the result that there is not sufficient profit to require the payment of a large amount of income tax. There would be sufficient under ordinary circumstances with smaller retailers because the shareholders would require it. In the case of such large firms as Macdonalds Consolidated, Safeway and others I am not satisfied that a large enough amount of income tax is payable. I am not satisfied that is so in the case of Macdonalds Consolidated at the present time, certainly compared with legitimate wholesalers who do nothing but wholesale.

Business and salesmanship in this country should depend upon service, quality, personality, cleanliness, incentive, initiative and their related factors. It should not depend upon special privileges, agreed charges and unethical practices. The purpose of these big firms appears to be to eliminate competition and ultimately to set up a monopoly. We are unalterably opposed to monopolies. These little men are important to our country, and I say that we should examine the matter and see how we can keep them with us.

Mr. W. L. Houck (Niagara Falls): Mr. Speaker, in taking part in this time-honoured debate pertaining to the budget and, coming from the riding of Niagara Falls where we probably have more tourists than any other

place in the dominion, I naturally feel I should refer at the very outset to this type of travel in this great country of ours. In the year 1954 there were 647,948 vehicles of the non-permit class which entered at Niagara Falls and 337,181 of the travellers' vehicle permit class. Somewhat larger figures existed at the port of Fort Erie where we had over a million vehicles entering of the non-permit class and some 350,000 of the travellers' vehicle permit class. One cannot overemphasize the value of the tourist dollar that is left within the confines of our country.

Expenditures in Canada by travellers from the United States and other countries were maintained in 1954 at a figure close to the peak established in 1953. First estimates indicate that residents of other countries spent some $300 million in Canada during 1954, a decrease of some $3 million or 1 per cent lower than the previous year. Although slightly lower than the record of 1953, the 1954 estimate represents an increase of 9 per cent, or $25 million, over 1952. Compared with a decline of nearly 6 per cent in the volume of entries, available data on expenditure indicate slightly higher averages per visit in 1954 for some types of transportation. Travel receipts from the United States declined some $4 million from the year before but remained well ahead of the 1952 figure. Receipts from overseas countries set a record at $22 million, an increase of 10 per cent over the previous record established in 1953.

Most of the increase in expenditures by residents of Canada returning from the United States can be traced to the automobile traffic. Canadians returning by automobile spent over $136 million in the United States during the past year compared with $133 million in 1953, an increase of over 2 per cent. Compared with an increase of 3 per cent in the number of automobiles returning, this would indicate slightly lower average expenditures.

Purchases declared under the $100 customs exemption privilege by Canadians returning from the United States in 1954 amounted to $66 million, a decrease of $6 million or an 8 per cent decline from 1953. This would indicate that a smaller portion of Canadian travel expenditures in the United States went for merchandise, a trend contrary to that of the previous year.

The total number of visits to Canada by people from other countries amounted to 26·4 million in 1954, a decrease of 1·6 million visits, or 5·7 per cent fewer than the record established in 1953. It must be emphasized, however, that these visits are made by vacationists, summer residents, commuters, businessmen and all other travellers except immigrants. They include repeat visits by commuters and others who enter the country many times during the year. Approximately 85 per cent of the visits are for 48 hours or less. Only 15 to 16 per cent of the visits last longer than 48 hours.

I want to say I was very much disappointed the other day to hear the Minister of National Revenue (Mr. McCann), in reply to a question from the hon. member for Prince Albert (Mr. Diefenbaker), say that no redress would be given the automobile dealers on new units which they had on their hands when the budget was brought down. It is my opinion, and it is a very definite opinion indeed, that they should receive consideration. Naturally I was very happy to see the reduction of 5 per cent on new cars, as I think all automobile dealers were as well, but I think they have a justifiable claim pertaining to these new units.

The automotive industry, through its manufacturing plants, sales agencies and connected trades, garages, service stations, buses, transport, petroleum industry, rubber industry, suppliers such as steel plants, paints, glass, textiles, etc., is reported to provide over 20 per cent of the labour force of our country. So you can see that the automotive industry is a very basic one to our economic prosperity. Anything that tends to restrict the sale of automobiles is bound to show up in reduced payrolls, reduced income and corporation taxes from all the connected industries, and reduced sales and excise taxes in new automobiles, all as a direct result. Hence it is of the utmost importance that automobile sales agencies be kept healthy and working at full capacity.

In my own city of Niagara Falls nine dealers had 209 new units on hand when the budget was brought down. The average reduction in excise tax, from the smallest to the largest car, is estimated to be about $100 per unit. So the total reduction in value amounts in Niagara Falls to an estimated $21,000. On top of that there was an inventory of $370,000 in used cars. It appears that this will drop at least 5 per cent on account of the tax changes. This is another $19,000. Therefore the total decrease in inventory value is approximately $40,000.

Ward's Automotive Reports, which is a publication published in the United States, in the March 21, 1955, issue reported that 38·7 per cent of United States dealers lost money last year, and that the average profit of all United States dealers was three-fifths of a cent on every dollar of sale, before income or corporation taxes. We do not have the Canadian figures yet, but as a rule they follow or parallel the United States figures.

In the long run it will cost the government nothing to return this tax, because I think it will keep many dealers in business who would otherwise be forced to go out, and it will leave many others more solvent and thus able to carry on their business more freely. It will increase taxes from dealerships, factory payrolls and the extra new cars that would not have been sold otherwise, and it would be a further indication that the government really meant what it said when it proclaimed the budget as a job-producing and hence an income-producing budget.

I would also like to point out that any excise tax at all on any automobile is unfair. The government described it as a luxury tax when they imposed it. But certainly automobiles are no longer luxuries for most of their uses. And I also feel that the tax is unfair in the following respects: First, because dealers have to pay the tax when they receive the cars, and are given the extra burden of financing it for the period they have that car. They have to carry insurance on it as well. Then when it is removed the government refuses to return it on the units still in stock. And it is my firm belief that if the government would rebate the tax on the new units in stock they would get it all back in taxes on extra units that would be sold, by way of income tax from increased jobs, and from increased taxes from dealer earnings. It could quite conceivably be that they might lose considerably more than they kept if they do not do so.

The previous tax change policies are not applicable at this time because of two very important reasons, first, that the size of inventories in dealers' hands at the present time is very large. When the taxes were decreased, as we decreased them on previous occasions, dealers' profits were high enough to absorb the loss without its being any serious problem.

And now I have another matter of importance in the Niagara district—and it is very relative to the St. Lawrence development—and it is that the Minister of Transport (Mr. Marler) will have to give due consideration to the traffic through the Welland canal which, naturally, will be increased to a very great extent. We have three or four large corporations along the Welland river and because of the boats which will be coming in to these companies, loaded with materials to be used in the manufacture of their products, I think it is only right that some consideration should be given to this problem of widening and deepening the Welland river so that boats can get through a lock into this territory.

I realize this would of necessity be quite a costly venture, and I do not want to tire hon. members with too many local problems, but I think this one is of prime importance. The difference between the Welland river and the Welland canal at Port Robinson is about 7 feet, which would be the extent to which ships would have to be lifted or lowered. And the distance from Port Robinson to Chippawa is some seven miles, as the crow flies. But any development there would, of necessity, have to straighten out the Welland river at certain points. There are at least six bridges crossing the river, four of which would eventually require reconstruction but, for immediate use, only two located at Port Robinson would have to be altered in order to bring the ships as far as the Welland Chemical and Noranda Mines Limited. The Norton and Carborundum companies are very greatly interested in such a development since, at the present time, they bring their raw material from South America by boat to New York city and break it for rail transportation to Niagara Falls, Ontario. The present canal system on the St. Lawrence permits boats of only approximately 3,000 tons to go through, and this is an uneconomical amount for them to bring in by boat all the way. If they could bring ships of 5,000 or more tons through the canal system, it brings it within the range of economic possibility and, in the case of Carborundum itself, they have mentioned that they would use at least 25 to 30 boatloads per season.

With the construction of the seaway in the lower St. Lawrence, the Welland canal area becomes the best protected harbour on the great lakes system. It might be an expensive and inconvenient method of docking if slips were cut into the side of the canal, with the added hazard of interfering with up and down shipping. One of the best solutions appears to be the use of the Welland river which gets the boats off the routine traffic of the canal into an area which could be built up industrially and where they can move up and down and turn as they like without obstructing the heavy traffic on the canal.

I recall that last year, speaking in this debate, I referred to the terrible congestion of automobile traffic at both the Burlington cut-off and the Homer bridge at St. Catharines. I can only repeat what I said at that time, that these are two of the worst bottlenecks in the province of Ontario.

I want to be fair in this matter, realizing of course that other hon. members have other traffic problems. But I must point out that at these two points we are receiving tourist traffic. They are entering Ontario and Canada for the first time; and I imagine they get pretty well fed-up, if I may use that

expression, with the delays they have to endure at certain times. We as citizens in the community—and I include in this the hon. member for Lincoln (Mr. Cavers), the hon. member for Welland (Mr. McMillan) and the members from Hamilton—must be getting sick and tired of this dilly-dallying attitude between the federal and provincial governments as to whose jurisdiction it is to alleviate such problems. I note the Burlington high-level bridge is to be started shortly, but this has been in the offing now for a number of years.

I want to say that in my own experience I have seen traffic tied up from the Homer bridge back to Niagara Falls, a distance of about ten miles, with two-way traffic on both lanes waiting for the bridge to be lowered. And I feel that if we want to treat tourists as well as possible, we will have to eliminate this condition where they run into traffic difficulties within only a few miles from Niagara Falls. I am sure their impression of Canada must receive a handicap at once.

Talking about the tourists' impression of Canada, I again want to pay my highest respects to both customs and immigration officials at the ports of Niagara Falls and Fort Erie. They are the first people that the travelling public come in contact with, and I share with the department officials a justifiable pride in the way these men conduct their offices. Many a time tourists have told me how much they appreciate not only the efficiency but the co-operation and advice of these splendid officials, and I hope that their good work will be recognized by the ministers of these departments, and that soon they will receive wages commensurate with the services they render.

Another suggestion I would like to make, and I make this in all sincerity, to the Minister of Transport, is that it would not cost the government too much money to keep an ice-breaker down on the river where it enters lake Ontario. Perhaps not for another 40 or 50 years will we witness the spectacle of the ice jam we had just a few weeks ago. However, on the other hand it might happen again next winter, and if this ice-breaker were on hand when the ice starts to gather and refuses to flow out into the lake, this boat could be immediately started into operation and keep the channel open before the ice has an opportunity to jam and cause millions of dollars' worth of damage such as was caused in the last few months.

I do not want to be at all critical of the Ontario hydro commission, but I think they could well afford to pay half the cost of this ice-breaker in order to protect their very valuable hydro plants in case we have another jam such as we had a few weeks ago. If this should go even a few feet higher, we would suffer millions and millions of dollars' damage, not only to their own hydro plants but to our manufacturing concerns, resulting in lay-off of employment because of lack of power. I make this as a very serious suggestion, that I think the Department of Transport and the Ontario hydro commission should get together to alleviate the anxiety we had this winter.

Now, Mr. Speaker, in regard to the budget, I join with the rest of my colleagues in this house in congratulating the minister on such a very fine presentation, and with it the encouragement that he has given to the people of Canada. With so much bad news coming from various sources in the world, it is encouraging to know that the Minister of Finance has predicted a good year for the people of Canada and has made a general although modest tax reduction for this year and 1956. I think the minister rightly believes, and we all join with him, that the government, business and the people of Canada must work together to ensure continued prosperity, and we all feel encouraged that he expressed the hope for a steady increase in business rather than an immediate upward thrust. The imagination and the effort of the Canadian people have brought this country to its present state of development and there is no reason to believe that it cannot continue to go forward under a government which permits private enterprise to flourish while safeguarding the nation from any monopolistic or other practices which could prove harmful.

Just a few weeks ago, some outstanding economists met to survey the state of the nation's prosperity. They studied every available index of business activity, and when they had gone over all their charts and tables, and had peered into the future through their crystal slide rules, the consensus among them was that 1955 will not be the best year in our history. It will only be the second or third best, according to their calculations.

Now the prospect of struggling through a year that is only the second or third best and most prosperous we have ever known is not exactly what I would regard as a fate worse than death. Yet if we were to believe even one-half of the alarmist talk, we could only conclude that we are sliding into a terrible depression; that Canada's golden age is past, and that our only chance of salvation is to board the first train for Ottawa and beg the government to run our various businesses for us in the Dominion of Canada.

Well, I for one am not quite ready to give this country back to the Indians, and I think

the time has come when we ought to face squarely up to the fact that most of this depression talk is inspired more by the politics of our present situation than by the economics of it.

If our national supply of common sense has not been wholly exhausted, the Canadian people will take a long, cold look at that primrose path to inflation before they travel it again; for the destination to which it leads is national ruin.

So, instead of trying to read the inscrutable future, let us turn our eyes in the opposite direction and use a little of that 20-20 hindsight with which the good Lord, in His wisdom, has so generously endowed us all.

The success or failure of our economy depends chiefly upon our people themselves, upon businessmen, labourers, farmers, everybody in Canada. The only thing that government can do is to provide a fertile field to work in; but the thing that makes Canada go—and that always has and always will—is the individual effort of 15 million people, all trying to do a little more for themselves, a little more for their families, and a little more for each generation, every fellow trying to improve his own position. The cumulative effect of all that work, by all those people, is the thing that has made Canada what it is today.

Canada today is still undergoing that difficult and sometimes dangerous transition from war to a peacetime economy, and all of us are closely watching every economic index that records a change in business activity. But prosperity, unfortunately, is not a mere statistic. It is primarily a state of mind; and if we permit anything or anybody to destroy the confidence of the Canadian people, or to undermine their faith in the future, neither we nor the government can prevent a depression.

Now it would be wonderful, of course, if our economy always grew at a steady, unfaltering pace, but that never happens in any nation anywhere. To me it has always seemed that our economic progress is a good deal like the waves that break over the beach on the incoming tide. Each one comes roaring in, spends itself, and then recedes, but in doing so it contributes to the volume and the force of the next wave, which always comes in a little farther. Yet those who spend all their time watching the waves can become so obsessed with this process that they never observe the onward movement of the tide itself. And so it is, I think, with many of our pessimists today. They simply cannot see the tide for the waves. Many times, I am sure, there must have been those who felt that the tide had turned, but of course it never had, and it never will as long as freedom of opportunity and freedom of competitive enterprise continue to exist in this country. So let no one tell us that we have reached the end of our golden age; for this, in truth, is only the beginning. In my opinion, we stand on the doorstep of the greatest era of progress this nation has ever known. The problems ahead are difficult, but they are not insuperable if they are approached by men of good will with vigour and energy and primary dedication to the public interest.

In the state, as in the nation, there are two essentially different ways to administer government. One is to sit back and wait until difficulties become problems and problems becomes crises, waiting for these difficulties, problems and crises to solve themselves, or hoping for some easy solution to turn up. This is the easy way, the expedient way, the political way. It piles up the burdens for later years and later generations. In too many cases, time, instead of solving the difficulties, multiplies them, until they become emergencies. By failing to anticipate the problems and to plan ahead, by complacently refusing to face the facts, the problems can assume disastrous proportions. Then, instead of considered and provident action, emergency treatment becomes necessary.

The alternative way of government calls for frank, fearless and continuous looking ahead to see the difficulties before they grow into crises, and to try to do the things that need to be done to prevent them from developing into an acute stage. This calls for a calm but searching appraisal of the future needs of the people of the state. It calls for intelligent planning of how best to meet those needs, how, for example, to stimulate and encourage the necessary expansion of facilities, production and enterprise, public and private, and, of course, it calls for timely action to carry out this plan. This, in my judgment, is the only sound way of government.

I think, Mr. Speaker, we should consult among ourselves and take counsel to advance the interests of each and all. We should all examine and re-examine how we can best serve our common interests. With this as our goal and with God's help, we can move forward with boldness, with confidence and with faith. Our pride is a badge of unity and a common bond amongst us all. We should not seek to divide ourselves but to unite more closely than ever, and by uniting to knit even stronger the bonds of our common welfare.

I have the utmost faith in our Prime Minister, in the Minister of Finance and in

the members of the cabinet that they are steering a proper course for the development of the greatest country in the world.

Much of our future will be of our own making, but some of our success will be made by others who go on and apply the knowledge, the materials and the processes we give them to different, and perhaps greater, uses than those for which they were originally intended. So I think it is with Canada. Here we are, a young nation with a great future. Already we are the world's third greatest trading nation, the fourth ranking industrial power, and the seventh steel producer. Surely, that is a record of which any nation would be proud. But it is only the beginning.

It has been said that the twentieth century belongs to Canada. That is true, but the statement does not do anything by itself. We have to make it become a fact; we have to claim it for ourselves; and believe me, Canadians are doing just that.

Let us look at it in this way. Youth is on our side. We are stepping out with all the vigour of youth into a new era in which we are equipped to choose our own road to success. We have the resources, the skills, the will and determination to do the job. By choosing the way of initiative and enterprise, operating in a free economy, Canada today stands in an enviable position. It is a land steeped in the traditions of political, personal and economic freedoms; enjoying prosperity and standing on the brink of greater things to come; it remains an outstanding example of the achievements of a modern industrial civilization.

The late Senator Taft, a great citizen, a great senator with an illustrious father, of the United States, said just a year or so before he passed away that the financial people in Washington would be well advised to go to Ottawa to study the Canadian financial structure. That is the remarkable statement he made pertaining to the financial structure of this great dominion. I think that was a very great tribute by a great man to a great country.

During the Easter holidays I made it my business to talk to many people about the budget. I did not talk just to Liberals, I talked to people of all political beliefs and in all walks of life. Almost each and every one of them said to me, "Yes, it was a great budget; we had looked for something like that but we hardly dared to expect so much". So I say to the Minister of Finance, "Carry on, you are doing a wonderful job for the people of Canada".

[Mr. Houck.]

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, I have indeed been interested in listening to the hon. member for Niagara Falls (Mr. Houck). Like all Liberals, he seems to be a disciple of Dr. Coué. There is only one thing that I was impressed with and that is this: the hon. member knows the part he must play as a member of the Liberal party. He is firmly imbued with the idea that he should be ready to talk at all times on behalf of his party and about the great successes and the manner in which this government has handled the affairs of Canada.

The hon. member does not quite realize that a government is composed of two parties. After the election is over the majority that is counted is Her Majesty's loyal government. But the minority is Her Majesty's loyal opposition and they have a duty to perform just the same as the government. We in the opposition are not going to be mesmerized by disciples of Coué who are ready to go up and down this country saying, "We are well; nothing could be better; there is nothing wrong; there is no depression"—I am not afraid to use the word depression; I am not going to call it a recession—"everybody is working". As a member of Her Majesty's loyal opposition I have a duty to perform for the people of Canada.

I am not satisfied that a country with all the natural resources which our friends have enumerated, with all the great potentialities that this country has, should be in the position we see outlined in our daily papers of having approximately 600,000 men out of work. On a recent trip to Europe I visited Italy and I was informed that they had approximately 15 million people more than that country could really support, a number almost equal to the population of Canada. They do not produce coal, timber, pulp, iron, metals of all kinds and the country is a poor farming country. Here we have all that. We say that there is unemployment in Italy and the poor people are not getting much to eat. Well, there are 600,000 people in this land about which we heard so much five minutes ago who would like to have jobs so that they could eat on the basis of their being Canadian citizens.

When the Minister of Finance (Mr. Harris) was appointed to his lofty position I met a gentleman in Toronto who had never had the great pleasure I had of meeting the minister and who said to me, "This fellow Harris must be some man."

An hon. Member: Hear, hear.

An hon. Member: He is.

Mr. Ferguson: I said, "Hear, hear" at the time too, but I lived to apologize and blush

when I heard the budget. After the budget had been out I met this same gentleman and he said to me, "Did that fellow they appointed Minister of Finance think up that budget or was it the Liberal cabinet?" I said, "What made you think that?" He said, "If the cabinet had anything to do with it it would be the mess it is now, but I cannot just conceive of a man whom they would appoint as Minister of Finance, after having that great honour bestowed on him, thinking up a budget as rotten as this one. It must have been entirely the work of the cabinet."

The hon. member for Niagara Falls said that all the friends he had encountered during the Easter recess had said it was a wonderful budget. If they or any other Liberal in this house or anybody else in the country can possibly conceive that an automobile which formerly sold at $2,400 and which is now to be sold at $2,325 will encourage buying of automobiles, in my opinion that would be the greatest stretch of the imagination possible. Any man who had come that near to having the purchase price of $2,400 for a Chevrolet car would not wait until he got the last $75 before buying a car.

If this government thinks that it is any inducement for a man with four children to go out and cut loose, and as the Minister of Trade and Commerce (Mr. Howe) says, we are all out for it; if they believe that the people are going all out with a 17 cents a week saving on income tax; if they think that that is going to stimulate the progress of this country, then they are doing some thinking.

What this country should have and what it could have had—not a five cent cigar but a twenty-five cent cigar as suggested by the Liberals—is a much better set-up if they had agreed to co-operate with industry, with provincial and municipal governments, with the immigration officials and with financial people across this country. They could have achieved an over-all plan for our economy.

We should be ashamed in this vast country of ours, with its untold wealth, to say that we had 5,000 unemployed from one end of Canada to the other. We should be crying for immigrants to come here and utilize our natural resources. We must hang our heads in shame when we realize our present position. This government is in power. The government is the only body with the necessary power, with any degree of authority to say to the provincial governments, "Forget politics." In Ontario they may have a great Tory government while there is a Liberal government of Canada. This government should have them all meet at a designated spot with the provinces of Alberta, Saskatchewan, Newfoundland, Quebec, British Columbia and all the rest. They should do what was done in the war and call in the best financial brains of the country openly and fearlessly and the top men of industry. That should be done before we have unemployment. They should attempt to widen the path of progress; they should be ready to go further along the path of progress. We are not interested in unemployment, we are interested in the development of the natural resources of this country.

What has been done? This is Liberal prosperity which the hon. member for Niagara Falls does not want me to mention as a member of the opposition. We had Liberal prosperity in 1939 when there were 800,000 people on relief. It was the greatest thing that ever happened to the Liberal government when Hitler declared prosperity for this country by calling a war. As late as December, 1939, there were 500,000 people registered on relief in spite of the fact that war had been going on for three months. The mayor of Midland came to Ottawa with a delegation and pleaded with the government to commence the building of ships at the shipyard at Midland. We had the finest shipyard on the great lakes at Collingwood, the town in which I live, and there were only 250 people working in that yard in 1940 with the war on. It took delegations, telegrams and full-page spreads in the newspapers before we were able to obtain the construction of ships for the war.

That is Liberal prosperity. Hitler called the war. Eventually this government was forced, through the war, to turn the wheels of industry. When we could export and utilize everything we could produce in this country we had about five years of prosperity. During the war we could not make automobiles and tires and we could not use many other things before our factories were changed over from war conditions. That took approximately two years. It has taken six years of the eight since the war to replenish the larders of this country with the necessities of life, and today the greatest undeveloped country in the world has 600,000 unemployed. I for one am not going to go through this country and say that we are doing a great job. We have been endeavouring to obtain manufacturing industries for this country. Pray God they do not hear about the actions of the Liberal government, or they will never come here. This is wishful thinking. When you hear these men who represent towns and who sit on the Liberal side of this house representing human beings here in parliament say that

we are well off and doing a great job—shame on them. They get up here and say that the Prime Minister (Mr. St. Laurent) is the greatest that Canada ever had, or that the hon. Mr. So-and-so can never be beaten. They say that he is a Canadian baby and that surely he was never born in a foreign country with intelligence like that. That is the sort of silly nonsense that you hear. The Minister of Finance until recently held the portfolio of minister of immigration. Here is a clipping from a newspaper and I presume that there is some truth in it. Twenty-six Italians entered this country by means of faked passports or forged documents of some kind obtained through government officials, and these men are being asked to return to Italy. They believed that they entered this country in good faith. They are Canadians. I believe that any people who set foot on the shores of Canada, if they are honest, God-fearing and workers, are Canadians. That to me is the mark of a Canadian, not the fact that he is born in Canada; he may be a loafer and not entitled to the name of Canadian. If there is a semblance of truth in this newspaper report and these Canadians came to this country in good faith, they should never be returned to Italy unless they wish to go back to Italy of their own accord.

Coming back from my trip to Europe, I came in to the port of Halifax, but leaving I went via Saint John. I suppose that the previous speaker would expect me to say that this was a great job. When my wife and I entered Liverpool, we left our stateroom at eight o'clock in the morning, we went through customs and immigration with people from all parts of Europe and from Australia. We had our breakfast by ten o'clock, and the boat train left the dock with passengers headed for European ports and Australia, all cleared.

When we left England and went to Europe, we landed in Calais. The Calais boat was packed with people going to various destinations throughout Europe. We went through customs and immigration, and within one and a half hours we were on the ship with passengers leaving for various destinations. On the way back from Europe, it was the same procedure.

When we arrived in the great country of Canada, which has no faults and should not be criticized, having a great government, our luggage was deposited on the docks at Halifax at three o'clock in the afternoon. At nine o'clock I was still standing freezing in the immigration and customs building, which had been built under the supervision of this government. I was there with a whole shipload of people, my overcoat on and my collar turned up. There was not a single spot where I could purchase any food, and all these newcomers, as well as Canadians returning to Canada, were suffering the same treatment. My luggage arrived from the dock at nine o'clock in the evening. I could obtain a cup of coffee, with milk and sugar splashed into it without any request. After I stayed 20 minutes in a line and finally reached a door that wide, I had this stuff slopped at me.

Mr. Murphy (Lambton West): Was it in a trough?

Mr. Ferguson: It might just as well have been in a trough. However, I busied myself in trying to obtain cups of hot coffee for new Canadians, particularly women with little children arriving in this country. They had great difficulty standing in that line and keeping control of their children. The little souls were crying for food and were asking for water and coffee. If you can visualize a newcomer to this great Canada of ours holding two or three children and trying to balance three or four cups of coffee in her hand, that is some sight. That is in the immigration hall built by this great government of ours. The people eventually got on a train for different parts of Canada. The train was freezing cold, and every one of them wore their overcoats in the modern railway carriages in this great country of ours. You are going to get some facts, gentlemen. They slept with their coats on in this train. Two superintendents of that railway line got on the train and apologized for the conditions. Before we arrived at about twelve o'clock in Montreal—

Mr. Nicholson: What time did you leave Halifax?

Mr. Ferguson: At twelve o'clock the night before.

Mr. Herridge: Was it by C.P.R. or C.N.R.?

Mr. Ferguson: I am not trying to say who is to blame. I want to say what should be done by an inefficient government so that the people of Canada can really progress and unemployment will be relieved. That is all I am trying to do. I am not trying to put my finger on any group. I am trying to tell this government that it is not yet too late to reduce the number of unemployed and to proceed with the prosperity of Canada—to become more like the men who built the C.P.R. railroad, and the other men who fought for the development of the great Dominion of Canada, the Tories. I am telling the government to try to emulate to some degree the past history of the great Conservative party of this country. If they do

so they will stay in power; if they do not they will go out at the next election, because their sins will find them out.

We arrived in Montreal at twelve o'clock. The train was shunted to the assembly unit. There was no heat in the carriages. Mr. Minister, I will secure for you a list of all the passengers on board the *Scythia* and send them a copy of this speech, to see whether I am telling the truth or not. They will all say that it is a fact. At approximately three in the morning a spark of heat came on in those cars. Those who were headed for Winnipeg were on the same train as I was. Another train went to Toronto. The Montrealers got off there, and I landed at Ottawa station, in the capital of Canada, with 10 or 15 people. One woman was coming to see her daughter who was married to a man in the Royal Canadian Air Force. She was approximately 70 years of age. There was not a semblance of a porter, a redcap or anyone else to take the luggage which they had brought with them for a two or three weeks' visit. That was not any overnight bag.

I searched around the station and found a polite and courteous railroad employee who had nothing to do with helping people to take their baggage to the warmth of the station; but he condescended or consented to take hold of a truck and together we loaded the baggage on the truck and brought the people into the warmth of the station with their baggage. These were people who could not carry their luggage. They were too old to do so. They should not have been asked to do it. That was 6.30 in the morning. That was their greeting in Canada's capital.

If the government does not know about these things, it should know about them. Those are things about which this government should call a conference and co-operate with its railroads. I am not saying which railroad was involved. But if that condition occurs on both our railroads, call them both in so that, if one is to blame, the other will not do the same thing on another occasion. Or if they are calling the provinces together, if this government is to blame, let them take the blame and see that it does not occur again. Do not worry about the premier of one province saying, "Oh, you people are always making mistakes". But the people we blame are those who make mistakes and continue to repeat them. In my opinion this government is continuing to repeat its mistakes, and has done so almost since the day it first came into power; and that is a long time unfortunately for Canada.

Today we in Canada are headed toward the same conditions with which we were confronted in 1939. I heard that the Prime Minister (Mr. St. Laurent) said he did not like to hear people talking blue ruin, that conditions were almost normal and that unemployment was seasonal. I say to this government, to any provincial government or to any group of people that can alleviate suffering and create employment that this is one country on the face of the globe that should say, "We need immigrants; we have absolutely no employable person who is out of work." That is the position for Canada to be in.

We cannot be satisfied because we are a little better off than, say, England. As a matter of fact, we are not as well off as England. We cannot be satisfied by saying, "England has 100,000 unemployed and we have only 15,000 who can become employed and want employment." We are in the position where we cannot say we have 5,000 people who want to work and are unemployed, having regard to the vastness of Canada, its wealth and the millions of people who are desirous of coming here and helping us to build.

It is not too late to put ourselves in the position that Canada should be in. We should have industries that we do not have today coming from Europe and establishing here. We should be creating new industries. Our ships should be going back and forth from various parts of Europe relieving those people over there who want to live in a land of plenty, and bringing them in here to do the work that should be done, in order to build this country up in a lifetime not to 15 million but to 75 million. Those are not big figures. That is not nonsensical talk at all.

Here we are a country with 15 million people. Well can I remember my father saying this to me on Portage avenue in Winnipeg, and he was then younger than I am today when he said it. He looked at the excavation for the great T. Eaton Company store on Portage avenue on a Sunday morning and he said, "Son, when you are my age this country will have 50 million people." I am now past the age that my father was when he made that remark. Through the mismanagement of Conservative and Liberal governments, the old dotards of the past, we find ourselves with 15 million people. It will be noted that I say the dotards of the Conservative party of the past also. I am not my grandfather and neither are these men in this government their grandfathers. We are alive and have the benefit of the examples of the past and the experience of the past. Those men in the government should not do the things their grandfathers did. They should have learned that people ought not to sleep in parliament.

They should go ahead, relieve unemployment, encourage immigration and let this be the most prosperous country in the world.

It is all very well for us to crow about this being a land of milk and honey. But we find that people coming into this great land of milk and honey are not able to obtain work. They are capable of working irrespective of their nationalities. They are good workmen irrespective of their nationalities. They begged, borrowed or stole their passage money. They are looking for work in this land of plenty. What do they find in the year 1955? They find conditions almost equal to those of 1939. At that particular time there was in power the same government that is in power today. During the election during the war and after the war they shouted about the great Liberal prosperity. As I have said before in this house, this government takes the credit for putting the oil in the ground in Alberta and for putting the nickel in the mines in Sudbury. The Kaiser used to say "Me and God". This government does not include God. The Kaiser was at least a bit honest, but not this government. They talk about the great Liberal prosperity, the growth of Niagara Falls, the immigrants coming into Niagara Falls, Collingwood's growth, 1,100 people employed in the shipyards during the war. Today there are 500, and if there is no new work that is not on the boards today, by the end of July the number will be down to 250. There are 800 people registered for relief in the town from which I come which has a population of 8,000.

If the hon. member for Niagara Falls (Mr. Houck) thinks he can cow me into being quiet, he is mistaken. The Minister of Finance (Mr. Harris) laughs. He knows that is true. He knows that in the part of the country from which he comes the condition is serious. It is not a matter to laugh over. Maybe I could do so if I were minister of finance. As the hon. member for Niagara Falls said, some people think this is a great budget. But I do not think that any member of the government has any right to crow or to laugh when he knows that a town near where he was born, namely the town of Collingwood, has 800 people on its unemployment rolls today, in this land of plenty. Maybe that is a provincial matter. Maybe it is a matter of co-operation with the provincial government. But let the members of this government stand on their feet and say who is to blame. Let them say that they cannot get the provinces to co-operate. Let them say that the great industrialists will not co-operate or that the financial institutions of Canada will not co-operate. They would not dare do that because they know it would be a challenge that would be taken up by all those governments, institutions and peoples that I have mentioned. They would come here only too willingly to do what can be done to make Canada grow, with its great wealth, to a far greater extent than it has ever grown under the guidance of this Liberal government up to date. That is my reply to the budget.

Mr. W. M. Johnson (Kindersley): Mr. Speaker, the people of Canada, living in a desert of Liberalism, have recently witnessed a mirage. It was obvious, as the Minister of Finance (Mr. Harris) brought down his first budget, that it was one of the greatest deceits the Liberal government has ever imposed upon the people of Canada. The budget, couched in misty terms, is nothing but a mirage. The minister touted the income tax reductions and pointed out how they ranged from 13·3 per cent for those in the lower income tax brackets to 2·8 per cent for those in the higher brackets, when actually it was a 2 per cent reduction across the board. The minister placed the mirage at a distance in the hope that by the time the people became aware of the results the matters would be forgotten.

Let us examine what this hoax will give the people of Canada. A single person with a taxable income of $1,500 will save $5 this year or $10 in a full year. That is the minister's 13·3 per cent. If he has an income of $3,000 he will save $20 this year or $40 in a full year, whereas an individual with an income of $100,000 will save $4,000 in a full year. A married man with two children having a taxable income of $3,000 will save $7 this year or $14 in a full year. A married man with two children having an income of $30,000 will save $644. Indeed it is nothing but deception to tell the people of Canada they are being given a tax reduction of 13·3 per cent when the tax reduction is 2 per cent and ranges in amount from $5 to $7 to $40.

Had the minister wanted to give tax relief to those in the lower income brackets he could very well have increased the exemptions from $1,000 to $1,500 for a single person and from $2,000 to $3,000 for a married person. I do not think there is anyone in Canada today who can expect to live on the present exemptions allowed by the government. By increasing these exemptions tax relief would have been given directly and in significant proportions to over a million Canadians.

Mr. Harris: How much would it cost?

Mr. Johnson (Kindersley): It would have cost $60 million, according to the figures I took from the tax statistics. That is by

adding the income of all those in the $1,500 bracket as opposed to the $1,000 bracket, and in the $3,000 bracket as opposed to the $2,000 bracket.

Mr. Harris: Did you take that through the whole scale?

Mr. Johnson (Kindersley): I took it through the whole scale. I would assume that by giving tax relief to those in the still lower income tax brackets you would have still had a figure lower than the $128 million in tax relief that the minister has granted by giving $4,000 to the man with a $100,000 income and $5 to the man with a $1,500 income. In this way tax relief would have been given to that large portion which is so urgently in need of purchasing power in a time of economic difficulty and severe unemployment in Canada. It was pointed out by my leader that if the government had desired to give relief to those really in need of it, that large and significant portion who unfortunately do not make enough money to pay income tax, they could have abolished or at least reduced the sales tax which is now levied at a 10 per cent rate on most necessities of life. The minister could have changed the social security tax so it would have some progressive features.

In looking over the minister's appraisal of economic conditions in Canada, I find that he wandered into his own mirage in assuming that the decline in the gross national product was due almost entirely to the poor wheat crop. I live in a large farming area in Saskatchewan. I do not know a single farmer who has been unable to deliver all the grain for which there has been room. We find we have a carry-over in Canada of 570 million bushels for export. I think the minister should have been aware of the fact that since the beginning of the crop year on August 1 deliveries of wheat from the farm are nearly 100 million bushels below the ten-year average.

Deliveries from the farm this year are 158 million bushels. Last year they were 268 million bushels, whereas the ten-year average is 257 million bushels. I think the purchasing power that would have been given to the farmers by this extra 100 million bushels of wheat, had they been able to deliver it, would have been a significant factor in giving our economy some purchasing power. I think it is significant that not only are deliveries of grain from the farm the lowest since the war but we also have the highest unemployment since the war. I think those are two sides of the same coin. We have deliveries at an all-time low since the war and we have unemployment at well over 600,000.

We find the government showing no particular concern for the plight of the farmer other than as an excuse for the decline in the gross national product. If they were really concerned I think they would be giving more consideration to the final payment on last year's crop which would at least give the farmers some purchasing power. The farmers in the western provinces have only been able to deliver two to four bushels of low-grade wheat per specified acre. When you consider that the price of some of this wheat is 85 to 90 cents a bushel and figure what two bushels an acre will give a farmer farming on a modest scale, I am sure you can understand the plight in which he finds himself.

We had the assurance from the Minister of Trade and Commerce (Mr. Howe) that the final payment on the crop would be made before seeding. At least, he hoped so, and he expressed himself in such a manner as to remove all doubt. It is apparent that the farmers of western Canada must wait until the Minister of Trade and Commerce returns from his world tour to announce the payment. We will perhaps be lucky if the payment is 5 to 7 cents a bushel, and the farmers will not receive it before seeding. In fact, they will be lucky if they receive it before they start on their second summerfallowing operations.

Anyone who has travelled through the farming areas of Saskatchewan or who comes from there is fully aware of the hazards of farming. They are aware of the fact that an insect can plague your crop and make it disappear practically overnight or that plant diseases such as the recent rust epidemic can result in total loss. They will realize how the drought of the thirties shrivelled up crops and left nothing in the heads and how excess moisture, on the other hand, can have the same disastrous result. Then there is the damage caused by hail, wind and weather throughout every operation.

When the farmers have overcome the hazards of the weather, harvested their crops, made up their tax returns and paid their tax, they are then confronted with the greatest hazard of all, the uncertainty of the whims and vagaries of the Department of National Revenue. Upon filing your return you are assessed, but the assessment often means nothing. Perhaps you will receive the assessment from the Department of National Revenue within a year, and you will continue to make out your subsequent returns assuming that the assessment made of your revenue was correct.

However, we find that the department can go back six years from the date of the last

assessment. We find, perhaps in an unusual circumstance, that if the assessment for 1946 were received in 1950, the department can go back six years from 1946. In other words, they can go back to 1940. It is stated in the law that they can go back six years which, in effect, means seven years, since the assessment is usually made in the year after the tax year; and this will amount to eight calendar years.

I do not believe there is so much variation in the cost of production in the various tax areas throughout Canada that it should be necessary to take this length of time to properly assess a farmer's income tax. I should think that in my area of Saskatchewan, served by the Saskatoon office, it would be quite possible to process these tax returns in two years, and give a correct tax assessment.

What do we find happening to the farmer who, as I pointed out, has survived the hazards of the weather? Well, one day he might be confronted by two inquisitive gentlemen who, often without indicating their position, will proceed to question him. The standard practice is for one of them to ask the questions and the other to sit in the background with a pencil and a large notebook.

The typical approach is to ask the farmer what he thinks of the allowance for the cost of living. The farmer, having some knowledge of the cost of living, will say, "Well, gosh, I don't know; things are awfully high". The gentleman will say, "How much does it cost for you to live a year?" The farmer will say "Oh, I don't know, gosh, things are awfully high". "Let's figure it out. How much does it cost to feed your family?" "Oh, I don't know". "Well, we will put down a figure", which they do. "How much does it cost for clothing?" "Oh, things are awfully high". "Would it be about $300?" "Oh, I don't know". So then the second gentleman, who has been writing down the answers, will come up with a cost of living figure of, let us say, $3,000 a year.

Then they will divulge who they are. They will say they are auditors from the income tax branch, and they have found upon checking his returns for the last five years that he has shown a net income of $15,000. But over five years his cost of living at $3,000 a year is $15,000. "Now, what do you know about that? It is obvious that you have gypped us in income tax, and owe us a thousand dollars". Well, the farmer has admitted that was the cost of living. The man was right there writing it down, and they have assessed him on that basis.

Or they might try a different approach. They might ask him, "What car did you buy in 1946? How much did you sell it for? What did you buy after that?" And sooner or later, knowing how good the average memory is, the farmer will make a mistake. Then the departmental inspector will point out, "Oh, no, you did not get $1,300 for that car; you got $1,900. There is a capital gain of $600", and the farmer immediately becomes confused. He just does not know what to say, or what he should not say. After this questioning the farmer is completely cowed by the brain-washing of the investigator, and in all probability he has been assessed for a figure that bears only a slight resemblance to the true figure.

It is not long before word spreads around the community that the gestapo are in town, cross checking, investigating, intimidating and frightening. And just who are these men? I am not for one moment accusing all of them of doing this with any intent of being deceitful. I think most of the income tax inspectors are trying to do their jobs conscientiously. But under the existing act there are certain procedures they must follow. They are out to collect money, and they are going to collect it.

I have obtained from the civil service of Canada an advertisement asking for auditors of income tax for the taxation division, and I was most interested in what are considered to be the desirable qualifications of those men, who are to receive $4,080 to $4,620 per annum. Their duties, among other things, are to assess farm and small business returns. The applicant must have graduation from a university of recognized standing, with specialization in commerce, business administration, finance or accounting, and at least three years' accounting experience, preferably auditing, in the office of a professional public accountant, and so on and so on.

Nowhere along the line is there any mention of any agricultural experience. They do not need to know what a tractor, or a kernel of wheat looks like. Knowing farming as I do, if you have an old Case tractor, for example, and do not have the carburetor adjusted properly, you can pour three and a half or four gallons of fuel an hour through the old brute without any difficulty. As a result gasoline consumption on your farm will be twice what it should be. If you did not keep every receipt from the company from which you bought your fuel you might be approached by this accountant, a man who might not know a Case tractor from a steam engine. He would say, "Well, you can't do that. According to accounting practice, it is so and so." And if the departmental officials

are not satisfied with the answers given by the farmer they can always ask him to make out a net worth statement.

For those who are not familiar with the net worth statement let me say that in most instances it is a complete reversal of British justice. In this connection I should like to quote from the second edition of the *Canadian Encyclopedic Digest* where, at page 398, they deal with making the arbitrary assessment on a net worth basis, and say:

> An assessment based on the "net worth method" raises a presumption of validity in its favour that must be met by the taxpayer. The taxpayer must establish affirmatively that his taxable income was not that for which he was assessed. It is not sufficient in meeting this onus to establish a possibility that the amounts as shown in the financial statement prepared by the income tax officials are incorrect.

You can see at once the unfortunate position in which the farmer is placed when he is asked to make out a net worth statement. They will assess you arbitrarily for a certain amount and then say, "Prove me wrong." The farmer may be forced to make out a net worth statement for a period of six years, covering his assets for that period of time and contrasting those assets with those of another period of time. It is a fairly complicated procedure and, in many instances, lawyers or accountants making out these returns charge as much as $200 or $300. They are made up at the insistence of the income tax branch, which does not allow the individual to deduct the fee the lawyer charges him.

In connection with the making out of the net worth statement, I have received a copy of a very interesting form the farmer is asked to fill out. It requires information concerning personal expenditures over a period of years, and the document has eight columns. On it there are 25 items one is expected to fill in, so the income tax branch will have a complete estimate of the amount of money he has received.

This is a very interesting document indeed. "Food purchased during the year." "How much food did you buy in 1947, 1948?" and so on. "Food produced". "How much did you spend on fuel?" Well, you might have a record of it and you might not. "Clothing purchased"—and you fill this out for eight years. "How many clothes did you buy in 1946"—or 1947? "Household furnishings; household replacements; bedding; recreation; charitable donations." "Oh yes, I remember going to a show in 1947. There is 50 cents I forgot." How ridiculous can you get? Also "travelling expenses; wedding or funeral expenses."

The farmer is asked to fill out eight columns on this form covering a period of time ranging up to seven or eight years past. I am not certain just how many copies the department asks to have submitted, but the thing I want to point out is the ridiculousness of asking anyone, no matter who he may be, to make out a statement of this kind; because no one, or at least very few, would keep a record of how many wedding gifts he had given in 1947 or 1948. Therefore, why subject the farmers to such a test of their intelligence?

As I mentioned, the farmers receive their assessments year after year, with perhaps only minor adjustments. They, therefore assume that they are paying the correct tax, but five or six years later the department will disallow certain items of depreciation and bill the farmer for perhaps several hundreds of dollars. If it happens in a year like this the Department of National Revenue shows no leniency, because I hold in my hand a garnishee of an entire bank account of $609.39 of a farmer in my constituency, which was collected to pay income tax. The department will argue that the man had made the money and therefore he should pay it. No consideration is given to the fact that the farmer has marketed only two bushels of wheat per acre.

I have another statement which shows that since September 1, 22 writs have been issued by the Department of National Revenue in one of the towns in my constituency. Therefore it is apparent that the department is intent on only one thing, namely collecting money from the farmers of the western provinces. Such an unsavoury mess exists that the farmers would prefer a production tax with all its inequalities and injustices. Recently on the political scene in Saskatchewan the Gardiner machine has seemed to break down. I should like to point out that until they get the McCann machine fixed up, the Gardiner machine will continue to break down.

One of the greatest injustices that existed under the Income Tax Act was the amendment in 1949, which was made retroactive. It will be noticed that in the budget the minister brought down the 2 per cent tax reduction given to corporations was made retroactive, but in that instance the arm's-length clause was made retroactive. In Saskatchewan because of the time the province was settled, many of the farmers are reaching retirement age. We all realize the difficulty of establishing younger persons on the farm; therefore a farmer will decide to give his son the privilege of buying his farm to get him started in the farming business.

What do we find? We find that the son gets treatment different from that given an absolute stranger. An absolute stranger can make a bona fide agreement to buy the equipment and buildings and depreciate them at the amount paid. What of the son? He cannot do that. Because of this arm's-length clause the son is not able to depreciate them at any more than the undepreciated value of the machinery as it exists. What is making it particularly difficult—and I wish the minister would look into the manifestations of this clause, because it was made retroactive without notice—is that transactions made in good faith that took place in 1947, 1948 or 1949 are subjected to the arm's-length clause, which did not exist at the time the transactions were made. If a transaction was not made in good faith and was not a bona fide agreement I could see some excuse for the department disallowing the depreciation charged. This factor is making it very difficult indeed for a son to start up and take over where his father left off.

In some instances all that needs to be done is this; and I hope there are enough people familiar with this so they can save themselves the difficulties that others have been subjected to. If it is a transaction between a father and a son, what the father does is take out the machinery and haul it into the machine agent and say, "I'll give you $5 if you will buy this machinery and sell it all back to my son at the same price." The son then takes it back to the farm. In that way he can get away from the arm's-length clause and the transaction is perfectly valid.

We find another aspect of the departmental work that is particularly annoying to the farmers in the three prairie provinces is its inefficiency. I recall a case that was brought to my attention. The farmer pointed out that he had filed his return and in a few days received a refund of $100. The department said, "You paid us too much; you did not owe that much." Well, the farmer was quite pleased, but in three months' time he received a registered letter from the department saying, "We made a mistake; you did owe us the $100. Pay it back with interest." I found that quite interesting and I asked the farmer to give me a little more information. He said, "Gosh, no; I don't want to get into any trouble with those fellows."

The officials operating under the Income Tax Act have put the fear of the Lord, or the fear of something, into the farmers of Saskatchewan. As I pointed out, they are able to deal with the weather but they are not able to deal with the various rulings made by the departmental officials. I recall another instance where a farmer had a building destroyed by a cyclone. He had just built it. He was forced to build it, as a matter of fact, to house his grain, and was just putting the roof on when the cyclone came along and blew the whole thing down. Had it not been blown down he could have depreciated it at 5 per cent over its useful life; but since it was blown down and no longer existed, he is allowed no depreciation and is out $4,600.

While I am on this matter of depreciation may I say that it is most unfortunate that over the past years, when we have had congestion on the farms, consideration has not been given to the rightful claims of the farmers to be given accelerated depreciation for granaries constructed on the farms. I realize that we must have a certain number of granaries to store the crops. In some instances farmers have had to build granaries to store twice the crops they would normally store, and as this congestion wears off they will have empty shells sitting on the prairies waiting for a cyclone. It will not make much difference, because they get so little depreciation now, they might as well get none at all.

If the department do not feel they should give the complete depreciation I wish they would consider giving an accelerated depreciation on a certain percentage of the buildings. Suppose accelerated depreciation were given to the farmer on all the grain storage built in addition to that required to house two-thirds of the average yield on two-thirds of his cultivated acreage. He could have the normal depreciation on anything up to that limit. Naturally, the space he would require over and above that should be depreciated in three years.

I am also interested, Mr. Speaker, in another feature of farm income tax. It will be noticed that in the United States farmers are permitted to charge off soil and water conservation against current income up to 25 per cent of the gross farm income. A very significant change has been made in the United States income tax legislation making this allowance. In Canada this is deemed to be a capital gain. You might on occasion have a deep gully washed out in your land, and might have to pay $50 to have it filled in to restore the land to its previous condition. But that is considered to be capital gain and you cannot deduct it for income tax purposes.

There is another very interesting aspect to income tax as it operates in Canada, and that is the tax paid by farmers in the various provinces. I should like to place on record the figures for the 1952 income tax year,

which are the latest we have and which come from the tax statistics. They are as follows:

Prince Edward Island	$ 70,000
Nova Scotia	40,000
New Brunswick	66,000
Quebec	233,000
Ontario	2,647,000
Manitoba	1,707,000
Saskatchewan	13,268,000
Alberta	8,350,000
British Columbia	1,075,000

We find that in that year Saskatchewan farmers paid $13,268,000 as compared to a total of $14,186,000 for all farmers in the rest of Canada. Another interesting aspect is the number of farm assessors in the different provinces, which is as follows:

Prince Edward Island	3
Nova Scotia	5
New Brunswick	4
Quebec	14
Ontario	80
Manitoba	31
Saskatchewan	55
Alberta	40
British Columbia	11

We find that in Ontario and Quebec there are 3,024 farmers per assessor whereas in the western provinces the number is 1,973 farmers per assessor. We find that in Quebec there are 9,595 farmers per assessor as compared with 2,036 in Saskatchewan. If the minister thinks I believe the farmers of Ontario and Quebec are not paying their share of income tax he perhaps would not be too far wrong, but what I want to point out is that it is stated in the Income Tax Act that you must maintain books and records. I believe it is the function of assessors to go around to make sure the farmers are keeping books and records. I have a copy of a letter from the income tax department which points out the necessity of keeping books and records, and it concludes by asking the farmer to advise when he has complied with the above request. It would appear that the 14 income tax assessors in the province of Quebec will require additional help if they are going to call on 134,336 farmers and ask them to keep proper records.

These are some aspects of the manner in which the income tax department has been operating. I think you will agree that there are some changes and improvements which could be made. As I pointed out, the farmers have been intimidated by the departmental officials, and it is very difficult to get statements from them. They refuse to give you information. I would like the minister to see what he can do about correcting some of these most flagrant injustices.

In conclusion I should like to state that I am in wholehearted support of the amendment proposed by the hon. member for Greenwood (Mr. Macdonnell). I think the provisions of that amendment are most necessary and they certainly apply to the government of the day. The amendment to the amendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell), my leader, asks for governmental assistance to the provinces in connection with such things as a national health plan, a road program and federal aid to education, all of which have from time to time been emphasized by resolutions by the C.C.F. but ignored by the government.

Mr. J. H. Dickey (Halifax): Mr. Speaker, it is a pleasure to have an opportunity to rise and speak in this debate. First of all I should like to congratulate the Minister of Finance not only upon his presentation of the budget this year but also upon the constructive and courageous budget he has brought before us. I think it is significant that members of the opposition groups have found a great deal of difficulty in dealing with this budget in the critical manner expected of them. Certainly if we are to judge from the general public reaction to this budget and the reaction of the leading newspapers of Canada, their task is most difficult indeed.

I think I can indicate to hon. members the general public reaction to the budget and the reaction of leading Canadian newspapers by describing a cartoon which appeared in the Halifax *Chronicle-Herald* the morning after the budget was presented and which many hon. members may not have had an opportunity of seeing. This was the work of the well-known and highly-regarded cartoonist of the Halifax *Chronicle-Herald*, Bob Chambers. The picture depicted a newly-wedded bride who could be easily recognized as the Minister of Finance. She was placing before her new husband, representing the "little man", the public, a cake. The title of the cartoon was "Her First Cake". The look of delighted satisfaction on the face of the husband, representing the public, spoke volumes for the public acceptance of and pleasure in the budget which the Minister of Finance had brought down. I would suggest that if the minister has not received the original of that cartoon the publisher of the paper should be good enough to send it to him so he can perhaps frame it and preserve it on his office wall.

The Acting Speaker (Mr. Applewhaite): I am sorry to interrupt the hon. member, but it being five o'clock the house will proceed to the consideration of private and public bills.

Private Bill

PRIVATE BILL

SHARP & DOHME (CANADA) LIMITED

Mr. G. J. McIlraith (Ottawa West) moved the second reading of Bill No. 349, respecting Sharp & Dohme (Canada) Ltd.

Mr. Knowles: Is the hon. member going to explain this bill?

Mr. McIlraith: I was ready to do so just as soon as Mr. Speaker had finished, but the hon. member for Winnipeg North Centre was able to voice his interjection before that time had arrived.

Mr. Knowles: I wanted to be sure the hon. member had a chance to speak. We have not heard from him for quite a while.

Mr. McIlraith: There are members in the house who think it is not wise to be heard too frequently.

Mr. Speaker, the bill before the house seeks authority to grant to a patent application an effective filing date of July 20, 1950. The necessity for the legislation arises out of the somewhat technical requirements of our patent law and procedure in dealing with applications. In 1947 an application under No. 564079 was filed and dealt with. By amendments to the regulations under the Canadian Patent Act there is procedure for what is known as supplementary disclosure, covering subsequent discoveries related to any patent application pending before the patent office. In this particular case a further application by way of supplementary disclosure was made in 1950, because of further research work that had been done on the subject matter of the patent.

This application by way of supplementary disclosure procedure was rejected and it was held that a new application was required, but by the time the application by way of supplementary disclosure was rejected the statutory period for filing the new application had lapsed, and the consequence of the procedure is that the applicants are not able to have the patent granted through the regular channels under the patent legislation.

As I say, the procedure is somewhat technical, and I have perhaps oversimplified it a little. I think it would be the wish of hon. members when dealing with it in committee to go into the whole matter in some detail, but I doubt that it is practicable or possible to give a much fuller explanation at this stage that would be of a helpful nature to hon. members in considering the matter. I therefore ask for the second reading and then the reference to the committee.

[The Acting Speaker (Mr. Applewhaite).]

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

The Acting Speaker (Mr. Applewhaite): Private and public bills now having been disposed of, the house will revert to the business which was interrupted at five o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. Coldwell.

Mr. Dickey: Mr. Speaker, as all hon. members had an opportunity during the Easter recess to return to their constituencies and consult with those whom they represent in this house, I am sure those of us who support this government returned very much encouraged by the public acceptance of this budget. I am sure that hon. members opposite do not come back to take part in the budget debate in any way aided or comforted in the task before them.

In the debate this afternoon the hon. member for Simcoe North (Mr. Ferguson) in the course of his remarks referred to experiences which he underwent on his return from Europe a few weeks ago, when he landed at the port of Halifax. I am not going to deal in any great detail with what the hon. member had to say, not having been there at the particular time to which he referred. I am unaware of the actual facts involved. However, I do know that the building to which he referred mainly in his remarks is not only newly built but is a building which at the time he was there was, and indeed still is, under construction. I would point out to the house that the inconvenience and difficulties which he experienced were obviously the result of the upsetting and unusual conditions which always exist when a building is required to be used for its normal purposes while it is in the course of construction or substantial renovation.

I can assure the hon. member and the house that so far as the treatment of immigrants and other passengers landing at the port of Halifax is concerned, the evidence I have seen is completely contrary to the evidence that was given in this house this afternoon by the hon. member. I have on many occasions been present when large numbers of immigrants and other passengers were being handled by the immigration facilities at Halifax. I have seen the facilities provided there for them, the speed and courtesy with which the necessary formalities of customs inspection and other matters are carried out, and the general satisfaction shown by those who go through the normal procedure of landing at that port. I have seen many completely unsolicited letters written to individuals and officials at the port of Halifax thanking them for the extreme courtesy and care that has been shown in dealing with newly-arrived Canadians, particularly, and the general public as well.

Mr. Speaker, my real purpose in entering this debate is to deal with a question which is, I think, of considerable importance and interest to this house and to the Canadian people. Statements have been made in this debate by several hon. members opposite, and indeed they have been made outside this house by the same members and others, to the effect that we in this country export an undue proportion of our natural resources in the raw and unprocessed state. The hon. member for Dufferin-Simcoe (Mr. Rowe) and the hon. member for Broadview (Mr. Hees), particularly, in the last day or so have made assertions of this kind in contributions to this debate. The well-worn phrase, "the hewers of wood and drawers of water" has been used. The suggestion has been made and the impression left that government policies are at fault and that there exists a situation which is unhealthy and not in the best interests of Canada.

I want to deal with this matter on a factual basis, to try to point out just what is the real situation and then deal with some of its implications for the Canadian economy and the Canadian people. First of all I should like to make two or three preliminary points. The first is that Canada is the greatest trading nation in the world on a per capita basis. This trade and the resultant Canadian prosperity has been built up in the only way that was possible, namely by producing the things we can produce and which can be sold on the world market, and producing them better and more cheaply than they can be obtained from other sources.

The second point is that if we take a narrow point of view it is possible to say with truth that to manufacture completely in Canada the raw materials we produce would provide to Canada, in the form of income and employment, the maximum return which can be achieved from those particular materials. However, in my view it is not true to argue from that particular statement to the general statement and say that it follows that the maximum benefit of resources development in Canada would accrue to us by insisting upon complete manufacture of all our raw materials before they leave this country. Our experience and, I believe, that of other countries, seems to me to prove that a sound program of resources development cannot be built on such a narrow foundation. What is perhaps even more important, I think our experience proves that a broad program of resources development creates the only possible basis on which any substantial development of secondary industries can be built.

The third point I should like to make is that we ourselves are dependent on imports of raw materials. I do not think it is generally recognized or understood that we in this country are, in fact, net importers of industrial raw materials. We hear a great deal about Canada being a great storehouse of natural resources and that the world is becoming increasingly dependent on Canadian raw materials. Those statements are true. But what Canadians do not realize is the fact that we are a net importer of the raw materials that go into our industrial production.

For example, in 1953 our exports of industrial raw materials amounted in value to some $300 million. These included nickel, pulpwood, iron ore, asbestos, copper, zinc and other similar products. Our imports of industrial raw materials in the same year amounted to about $550 million, covering such things as crude petroleum, coal, raw cotton, iron ore, raw wool, crude rubber, etc. Hence we are a net importer of industrial raw materials to the extent of about a quarter of a billion dollars.

What is the explanation of our dependence on these imports? Canada has a rapidly growing industrial economy which requires raw materials which we do not produce or which we have not in this country, but which we are obliged to go out and buy, sometimes at extremely high costs. We believe in buying

in the cheapest markets in the world, and we get our imports from the cheapest sources. But the point I want to make is that those who are critical of our exports of raw materials would do well to recognize and keep in mind the dependence of our secondary industries on imports of essential materials which we ourselves do not possess.

Let us look at the facts of our trade. I am going to use 1953 because that is the last year for which final figures are available. The principal raw materials we export are agricultural and vegetable products consisting mainly of food; animal and animal products, which also are to a large extent food; non-ferrous metals; non-metallic minerals and their products; and wood and wood products. In 1953 the proportion of our total exports which were raw materials was 32·2 per cent. The proportion of our total exports that were partially manufactured or semi-processed was 28·9 per cent and the proportion of those which were fully manufactured was 38·9 per cent.

The first point of importance to recognize in these figures is that the largest segment of our export trade is in fully manufactured goods. The second is that the value of our exports of fully manufactured goods was $1,600 million in round figures. The value of our raw material exports was $1,328 million. In spite of all that has been said by hon. members opposite and others, the first fact to remember is the preponderance of fully manufactured goods in our export trade. The second is that adding the proportion of semi-manufactured goods in our export trade, the total amounts to 67·8 per cent. In other words, two-thirds of our export trade consists of fully manufactured and semi-manufactured goods, combined with only one-third left for the export of raw materials.

A closer examination of these figures brings out some even more striking facts. Of our total raw material exports, approximately 80 per cent are agricultural and vegetable products, wheat, feed grains and various kinds of food products. These things are exports which must almost inevitably leave this country in their raw state because they are designed for either human or animal consumption. If we add to these agricultural and vegetable products the category of animal and animal products the proportion rises considerably more, in fact to over 85 per cent. In other words if we were to try, as was suggested by the hon. member for Broadview, to make some extreme, and I think impractical, efforts to reduce the proportion of our exports which are in the category of raw materials, we would either have to stop exporting wheat and feed grains and that sort of thing or try to work on a mere 15 per cent of our total export trade.

One result of the speeches and statements that have been made on this subject by hon. members opposite has been, I think, to create in the minds of the Canadian public an idea that our resources development industries are in some way in the category of poor relations in the Canadian economy.

Mr. Speaker, I think nothing could possibly be further from the fact. Canada's resources industries in 1953 provided jobs for 1·6 million Canadians, or 31 per cent of Canada's total labour force. Thirty-four per cent of Canada's national income of $19 billion was earned by Canadians working in these industries, and 56½ per cent of the Canadian investment program undertaken by business, amounting to $3½ billion, was devoted to the development, the growth and the extraction of our natural resources from our lands, our forests and our waters.

We all recognize, Mr. Speaker, how important to the Canadian economy has been our great investment program, amounting to over $5 billion last year, and I think it would be most unfair to that great segment of our economy, the resources development industry, not to recognize that almost two-thirds of that investment program arises out of that particular industry.

I should like as briefly as I can to cite some of the reasons our resources industries are so important to Canada and to the Canadian economy. First of all there is the contribution we make to international security and prosperity. Industrial raw materials, fuels and food are the three basic economic ingredients which a free world requires in its endeavours to increase international security and prosperity. We in Canada not only have an abundance of these resources but we are developing them in an efficient manner and at a rate that is hardly matched by any other country. Therefore a broad resources base makes Canada one of the strongest natural allies in the cold war for the United States and the other countries of the western alliance.

The second matter to which I should like to draw attention is that the expansion of our resources industries is balanced with a growth of secondary industries. Our resources development in Canada has gone hand in hand with the expansion of secondary industries. Both these developments have taken place in response to long-term demands, and there has been little if anything in the way of forced or specially induced expansion in Canadian resources development or in secondary industries. The sole exception is certain

developments during and after the war for defence reasons. Notwithstanding the recent renewal in the house and elsewhere of the cry that we are the hewers of wood and drawers of water, our production of food and raw materials continues to be looked upon not only by Canadians but by our allies as very respectable occupations, and we are interested in an economic expansion that is well balanced but which will have to be on the basis of resources development as well as the industrial front.

The third point I should like to make has to do with the diversification that we have been able to achieve in our resources development, which has lessened our economic vulnerability. Canadian resources development, as a result of the program that has been carried on over the last few years, is now much more broadly based than it ever was before. In the fuel field, coal and hydro power are supplemented by the newcomers, oil and natural gas. In the mining field our traditional resources of nickel, copper, lead and zinc have been supplemented by uranium and titanium. Further, resources industries, which were of minor importance before the war, have become major factors in our industrial raw material development—for example, aluminum and iron ore. This broadening of our natural resources base has undoubtedly removed some of the vulnerability of the Canadian economy, which was inclined to suffer when world demand dropped for certain particular commodities.

The fourth matter to which I should like to refer is the contribution that resources development has made to strengthening regional economies within Canada. Our resources development program has made an important contribution to Canadian regional economic diversification and to the opening up of new land for settlement. For example, the prairie provinces used to depend primarily on agriculture for their prosperity. Now we have important oil and natural gas developments in Alberta, uranium mining in Saskatchewan, and nickel and copper mining in Manitoba, with processing and refining industries located in these regions in increasing numbers. More recently the development of mining prospects in the maritime provinces and Newfoundland is having an increasing effect. The Kitimat aluminum project, the Lynn Lake non-ferrous metal mines, the Labrador iron development, all mean the building of new railway lines into these regions and the opening up of new areas of virgin northern country.

The fifth point is the effect that the development of our resources industries has had on improving our balance of payments position. We have been selling as much of our raw materials resulting from these great developments that could not be used in Canada at excellent prices on foreign markets, and this has had a very beneficial effect on the Canadian economy.

The final point is the general one of the contribution to general economic stability. Canadian resources located in inaccessible regions, or difficult to prove up or extract on an economic basis, could in most cases only be developed by the making of large capital expenditures. In the post-war period substantial and for the most part increasing amounts have been invested for this purpose in this country. High capital spending for resources development has been one of the most dynamic and vital factors making possible a continuing rise in Canadian economic activities. In fact, but for the very large and diversified resources program, Canadians could not have avoided the consequences of the so-called inventory recession in 1949 in the United States to the extent we did.

Having dealt with our resources development industry, I should like to come to the vital question of whether we should process more of our industrial raw materials before export and, if so, how it should be done. This is a problem that has been given consideration for many years. When the alternative was between leaving the resources unused or selling them abroad in unprocessed form, initially at least, the answer given in this country in most cases has been, let us go ahead with the development of these resources. But this problem has remained how to increase processing at home and how to convince our customers that it is in their own as well as in our long-term interests for them to take more raw materials in processed form when they can be produced in Canada more efficiently than or at least as efficiently as in other countries.

What progress has been made in this regard? With the permission of the house, Mr. Speaker, I should like to put on *Hansard* two tables taken from the government publication "Trade of Canada". These tables show the total exports of Canada for 1929 and 1953, both in percentage and value terms, broken down as between raw materials, partially manufactured goods, and fully manufactured goods.

Mr. Deputy Speaker: Has the hon. member permission to place these tables on *Hansard*?

Some hon. Members: Agreed.

Mr. Dickey: The tables are as follows:

TABLE 1.—EXPORTS OF CANADIAN PRODUCE SHOWING THE PERCENTAGE DISTRIBUTION OF THE DEGREE OF MANUFACTURE FOR THE MAIN GROUPS, CANADA, 1929(1) AND 1953

Item Number	Group	1929(1)				1953			
		Raw materials	Partially manufactured goods	Fully manufactured goods	Total exports	Raw materials	Partially manufactured goods	Fully manufactured goods	Total exports
		%	%	%	%	%	%	%	%
I	Agricultural and vegetable products (Except chemicals, fibres and wood)—								
	(a) Mainly food	80·6	(2)	19·4	100·0	86·0	7·8	13·2	100·0
	(b) Other than food	13·2	0·6	86·2	100·0	41·7	0·3	58·0	100·0
	Sub-total	68·0	0·2	31·8	100·0	79·7	0·7	19·4	100·0
II	Animals and animal products (Except chemicals and fibres)	51·3	5·5	43·2	100·0	60·1	3·4	36·5	100·0
III	Fibres, textiles and textile products	17·8	17·8	64·4	100·0	6·6	17·3	76·1	100·0
IV	Wood, wood products and paper	7·8	34·9	57·3	100·0	5·0	42·9	52·1	100·0
V	Iron and its products	(3)	7·9	92·1	100·0	8·6	17·5	73·9	100·0
VI	Non-ferrous metals and their products (Except gold)	35·8	59·9	4·3	100·0	22·5	68·2	9·3	100·0
VII	Non-metallic minerals and their products (Except chemicals)	70·3	14·7	15·0	100·0	34·5	57·4	8·1	100·0
VIII	Chemicals and allied products	.....	.....	100·0	100·0	.....	.....	100·0	100·0
IX	Miscellaneous commodities	.....	.....	100·0	100·0	.....	.....	100·0	100·0
X	Grand total	38·3	19·0	42·7	100·0	32·2	28·9	38·9	100·0
XI	Grand total less I and II	16·5	34·1	49·4	100·0	10·9	42·3	46·8	100·0

Source: Basic data from annual editions of *Trade of Canada* for the fiscal year ended March 31, 1930, and for the calendar year 1953.

(1) Fiscal year ended March 31, 1930.
(2) Exports amounted to only $65 thousand which is too small to show in percentage terms.
(3) Exports amounted to only $19 thousand which is too small to show in percentage terms.

TABLE 1(*a*).—EXPORTS OF CANADIAN PRODUCE BY MAIN GROUPS AND BY DEGREE OF MANUFACTURE, CANADA, 1929(1) AND 1953

Item Number	Group	1929(1)				1953			
		Raw materials	Partially manufactured goods	Fully manufactured goods	Total exports	Raw materials	Partially manufactured goods	Fully manufactured goods	Total exports
		$ million	$ million	$ million	$ million	$ million	$ million	$ million	$ million
I	Agricultural and vegetable products (Except chemicals, fibres and wood)—								
	(*a*) Mainly food	252·3	0·1	60·7	313·1	811·9	7·4	124·2	943·5
	(*b*) Other than food	9·5	0·4	61·8	71·7	63·9	0·4	39·0	153·3
	Sub-total	261·8	0·5	122·5	384·8	875·8	7·8	213·2	1,096·8
II	Animals and animal products (Except chemicals and fibres)	68·2	7·3	57·5	133·0	150·8	8·6	91·5	250·9
III	Fibres, textiles and textile products	1·6	1·6	5·8	9·0	1·6	4·2	18·5	24·3
IV	Wood, wood products and paper	22·6	101·1	165·9	289·6	64·1	556·1	675·2	1,295·4
V	Iron and its products	(2)	6·2	72·4	78·6	30·8	62·6	265·0	358·4
VI	Non-ferrous metals and their products (Except (gold)	55·2	92·4	6·7	154·3	153·6	465·4	63·1	682·2
VII	Non-metallic minerals and their products (Except chemicals)	20·1	4·2	4·3	28·6	50·9	84·5	11·9	147·4
VIII	Chemicals and allied products	.....	.....	22·4	22·4	.....	.....	137·9	137·9
IX	Miscellaneous commodities	.....	.....	20·1	20·1	.....	.....	124·1	124·1
X	Grand total	429·4	213·3	477·6	1,120·3	1,327·8	1,189·2	1,600·4	4,117·4
XI	Grand total less I and II	99·5	205·5	297·7	602·7	301·2	1,172·9	1,295·7	2,769·8

Sources: *Trade of Canada Fiscal Year Ended March 31, 1930* and *Trade of Canada Year Ended December 31, 1953*, Vol. I.

Sum of components may differ slightly from totals shown due to rounding.

(1) Fiscal year ended March 31, 1930.
(2) Exports amounted to only $19 thousand in 1929.

I am putting on the record in these tables the total proportions for 1953, and the same information is given in the table for 1929. These figures show that since 1929, by reason of natural development, we have made significant progress in increasing the proportion of natural resources products being exported in processed form, either fully or semi-manufactured. The table will show that there are four main groups of exports which show substantial declines in the proportions shipped abroad in raw form in 1953 as compared with 1929. Three other main groups show somewhat smaller increases. The main decreases took place in the classification of non-metallic minerals and their products, which were down one-half, from 70 per cent in 1929 to 35 per cent in 1953; in fibres, textiles and textile products, down from 18 to 7 per cent; in non-ferrous metals and their products, down to 23 per cent from 36 per cent in 1929.

If hon. members will study these tables I believe they will see a very clear pattern emerge. From this I submit that it does not appear that we are shipping an unduly large amount of our natural wealth out of this country, in its raw state, to supply factories in other countries. It is true that we do export considerable quantities of natural resources products in their raw form, especially foodstuffs, but their relative share of our total exports is declining, and the great bulk of our non-food raw material exports is processed to varying extents in Canada.

The belief has been expressed that if Canada insisted that all her natural resources products be completely processed before being exported, unparalleled prosperity would result. Unfortunately it is not nearly as simple as all that. For example, to begin with, any attempt to compel foreign buyers of Canadian products to alter the form of their purchases would lead quickly to serious losses of our world markets. There are alternate supplies and substitute materials for most of our natural resources products, and undoubtedly other countries would utilize these in the face of any such Canadian restrictions.

Second, any such action would invite retaliation. Other countries would follow suit to Canada's ultimate detriment, as we are on balance, as I pointed out earlier, a heavy net importer of raw materials of the industrial type. If the inward flow of these raw materials were interrupted our steel mills, our textiles mills, our natural rubber and aluminum smelting industries would suffer severely. The aluminum smelting industry would be especially vulnerable, since it depends entirely upon imported bauxite and imported cryolite, with Canada's main contribution being abundant low-cost hydro power.

In addition, some of our exports of raw materials are really part of an exchange trade based on the economies of transportation or on the interchange of complementary products. Both these factors operate in the two-way flow of iron ore, with the totals being almost in balance in 1953, when exports were valued at about $31 million and imports at $28 million. For similar reasons of economy it may turn out that when Canada achieves a large measure of self sufficiency in crude petroleum supplies it will be done by large exports balancing large imports rather than by processing all our own crude oil.

I should like now to deal with the extent of industrialization that would be required in Canada to process all the natural resources products we are capable of producing. This may be gathered by looking at the iron and steel picture. It is expected that within a few years Canada's iron ore capacity will have expanded to 25 million tons annually. The question arises, why do we permit the export of this raw material rather than require its conversion in Canada into steel and steel products?

Superficially that is an attractive suggestion. But besides the necessity of finding markets for that steel production, there is the rather difficult problem of finding $5 billion in capital investment which would be required to create in this country that kind of steel capacity. Without assured markets I am very much afraid that we would not find capital ready to risk itself in that way.

In summary, if I may just list the reasons for the present state of our trade in raw products and manufactured goods, and the reasons for the developments which have taken place since 1929, I would say, first, that Canada is a low-cost producer of a number of raw materials for which there is a world-wide demand in their natural form, and has become an important source of supply for many of the countries which need these raw materials.

Second, Canada's domestic market for most of these materials is small, and frequently such resources would not be developed at all except for the export market. For example, the nickel developments at Sudbury would never have been made to meet the requirements of the Canadian plating industry.

Thirdly, it is usually more economic to produce in larger quantities; and selling in wider markets reduces the cost of production, which

benefits the Canadian consumer and the Canadian manufacturer who also uses these raw materials.

Fourth, the development of natural resources often contributes to regional economic development, as I have pointed out.

Fifth, the development of Canada's natural resources for the export market usually paves the way for the setting up of domestic industries to process the resulting materials for home use, and eventually for export as well. Certainly that has been our experience in a number of fields.

Finally, the export of raw materials is a part of Canada's economic structure and any drastic reduction, whether due to restrictions on exports in raw form or not, would upset the whole economy. Any upset in the balance of payment pattern could mean large trading deficits for Canada, and eventually even the curtailment of essential imports.

Therefore I think that in respect of this, as in many other problems, the correct view is the balanced view based on the facts. I submit that the generalized and unsupported statements made very frequently on this matter by hon. members opposite have not been contributions to clear thinking in respect of the Canadian economic position today or its future prospects.

Mr. W. M. Howe (Wellington-Huron): Mr. Speaker, in rising to take part in this debate I do not intend to delve into any particular aspects of the budget. They have been dealt with very ably and efficiently by some of the other members of our party. However, I should like to deal with one or two problems that are particularly applicable to my own riding and constituents and which, if promptly acted upon and dealt with in an effective way, could have a great economic effect on the whole of Canada.

I do not wish to belabour an issue that has been debated from time to time in this house, but I do notice that issues that are continually brought to the attention of the government sometimes do find their way into legislative measures. The question I am going to discuss was mentioned in the latter part of the second great war, and has been mentioned so often since that I cannot understand why some concrete policy has not been advanced by this government to assist in the decentralizing of industry.

A great deal of the buoyancy of our financial position in the world today is due to the fact that foreign capital is being invested either in the development of our natural resources or in the creation of new industrial empires. I feel that consideration should be given and planning should be done to see that those empires will be set up under conditions and in locations that will be in the best interests of Canada as a whole.

I feel that there are three main departments of our government that would be economically affected by planning of this kind. The first department is that of transport. Indications are that our railroad systems have been operating at a tremendous deficit for the last year. In fact we know that in the year 1954 the Canadian National Railways had a deficit of $28,758,098. They find that some of this deficit arises from the fact that quite a number of their branch lines are not paying. I feel that if industry, which is being centralized in our metropolitan areas, could be distributed throughout the entire width and breadth of our country it would naturally give more business and bring more revenue to our transportation systems. I also feel that if many of these branch lines are discontinued the possibility of smaller communities getting any of these industries will become practically nil.

Another department that is involved is the Department of Northern Affairs and National Resources which, through co-operation with the provincial departments of planning and development, should take some steps to see that great industrial empires do not encroach on our very valuable agricultural lands. I speak particularly of the lands in southern Ontario, where we have been endowed by old mother nature with fertile soil, a moderate climate and all the natural attributes to make that one of the most productive fruit and vegetable districts in the world. Man can never replace these natural resources which have been given to us, and there are many districts where soil and natural conditions make it impossible to carry on agriculture economically, yet where it would be feasible to build manufacturing plants.

Then we have one other department of the government which is directly involved, namely the Department of National Health and Welfare, which has the task of promoting and developing civil defence. We hope and pray that these tense periods will pass and there will not be another great war, but we know that we must look upon this matter with a sense of reality when all the great nations of the world are doing their utmost to keep ahead in the creation of new weapons of destruction. To this department falls the task of looking after the safety of the citizens of our country in case of attack.

When so many people are gathered together in great metropolitan areas the task of protecting or removing them from these areas becomes well-nigh impossible. We shudder to think what could happen. We have seen

it happen before when our weapons of destruction were many times less devastating than they are today. Had more thought and planning been given to this situation the expensive projects that we find in our larger centres to relieve traffic congestion, such as subways and through expressways, might not have been necessary. I feel that if more direction were given, many industries could settle in smaller communities to the mutual advantage of both the industries and the communities. Today we find that people living in those smaller communities are demanding and getting all the facilities provided in more thickly populated areas. If they had more supporting taxpayers the burden of municipal taxation on property owners would be less oppressive.

The second matter I wish to speak about is also one that has been given considerable publicity in this house, but it is also one about which I feel not too much has been done. I refer to the condition of the farming industry in our country. When one looks over the budget one finds that as regards the farmers as a whole very little relief has been given to alleviate the trying circumstances in which they find themselves. It is true that the average farmer may pay a few cents less in income tax, though when I spoke to a couple of my constituents during the Easter recess I found that one indicated that his reduction in revenue from the sale of his hogs over the past year was $2,500, while in the case of the other the reduction was $1,500. Therefore I think they will find that their reduction in income tax will be very small this year because a lot of them will not have to pay any tax. The farmer may get his tires a little cheaper. If he has a car to turn in he will likely pay a little less for a new one than he did before.

A survey by Dr. MacFarlane, of the Macdonald agricultural college, indicated that according to the bureau of statistics a year's work by an agricultural worker was worth only $3,600, while a year's work by workers in other occupations was worth almost $5,000. The explanation is that while the prices of farm products have been steadily declining for several years, the prices being charged for other products have been going up. In other words the producers of our agricultural products are not getting an undue share of the national production.

I am sick and tired of the fanfare and headlines that follow declines in agricultural prices. So much has been said about our high-cost economy that when beef prices drop, when hogs, poultry, or any other agricultural products go down in price, headlines proclaim that according to the index of the bureau of statistics the cost of living has dropped. I do not think, Mr. Speaker, that when it is caused by only one segment of our economy it is too much to shout about, and I feel it is a very selfish way of looking at this question.

No part of our national economy can live unto itself today. If farm prices drop, the things the farmers buys are fewer, and believe me, he is willing to buy when he is making a profit on his operation. He is willing to buy such products as farm implements, clothing, electrical appliances, automobiles and many other ordinary commodities of everyday life. When the farmer stops buying the manufacturers of all those commodities find that production soon catches up with the demand and there are lay-offs that are not all caused by the dumping of commodities by other countries where labour costs are lower. They are caused partly by the falling off in the purchasing power of one of the basic industries of our country.

I say that part of the fluctuation in the farmers' prices and in our agricultural returns results from the fact that today we have no definite, genuine market on which we can depend from year to year. The United States of America has from time to time been a good customer, but under ordinary circumstances and in an average year the United States produces more agricultural products than she herself can use.

The budget gave no indication that there would be any increased promotion of trade in agricultural products with other countries. There was a time when we enjoyed access to and even preference in the British markets where, because of their tremendous population, there are approximately 30 million people to be fed every year, and which is one of the most permanent and stable markets in the world for agricultural products. There was a time when our cheese ranked first in demand by the people of Britain. How do we know that the newer generations who have grown up and who have developed an appetite for this product from other countries will have the same preference as the rank and file of British people?

In those days not only did our cheese go to Britain, but our butter, our pork and our heavy steers went to that market. We do not send any beef today, and in that connection it might be interesting to note that Britain buys 70 per cent of the beef produced in the world. I feel that a great deal of the uncertainty in our agricultural economy is due primarily to the loss of this market.

This great Liberal government tells us that one of the reasons we had to give up the

British market was that Britain did not have the dollars with which to buy the products of our farms. But did this government leave no stone unturned to see that every possible dollar's worth of defence production was spent in Britain? The report of the Department of Defence Production, January 1 to December 31, 1954, indicates that materials purchased in the United States in the period April 1, 1951 to December 31, 1954 totalled $493,731,000, whereas those purchased in Great Britain amounted to only $104,255,000. Had more dollars been spent in Britain she might have had dollars which could have been used to stabilize our agricultural economy.

This government has been telling business, which has been in straitened circumstances for years, that they are faced with another buyer's market. This applies not only to business in Canada but to business in the international field. If the farmers of our country felt that there were adequate markets for their products and that when they were ready for market there would not be a surplus they could produce more than they are producing of cattle, hogs, poultry, butter, cheese, etc., and their cost of production would be reduced while our gross national product would be increased.

In the face of continued drops in agricultural prices there is one other thing I should like to mention, a phase which was applicable not only to my own riding in 1954, but because of excessive rainfall during the harvest season applied equally to many districts, particularly in southern Ontario. It is true that last year the western provinces had an unusually wet crop year, but the farmers there have the facilities of the Prairie Farm Assistance Act to help them when needed. The farmers in southern Ontario depending on late crops such as flax, white beans, soybeans and sugar beets to get extra money to pay taxes and many other yearly debts that accumulate, particularly in these days of high production costs on our farms, found there was no assistance available to them.

I maintain that what is good for one section of this dominion in time of economic strain should be applicable and within the reach of every farmer who needs it. I should like to endorse the suggestion made by the Canadian Federation of Agriculture that we recommend the development of an adequate scheme of crop insurance with costs to be borne jointly by the federal and provincial governments and the producers.

In closing I should like to say a few words about education, a matter which I understand will be brought up before the coming dominion-provincial conference. We have no greater asset in our country than our youth, and we should leave no stone unturned to see that everything possible is done to fit them to take their place in the world of today. Most municipalities are trying to do this, but with the limited means of taxation at their disposal they are finding it well-nigh impossible.

I feel that the federal government, which now takes over 75 per cent of the tax dollar, must do more to assist this very important function of government at all levels. This was the conclusion arrived at after a research program carried out by the Canadian school trustees' association under the direction of Dr. M. E. LaZerte, a distinguished Alberta educationalist. This report indicates that to ensure equality of educational opportunity for all Canadian children the dominion government should designate special grants to the provinces for the specific purpose of assisting education.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I must say that this slender and somewhat weary Friday evening audience is not very inspiring.

Mr. Coldwell: You have the Prime Minister (Mr. St. Laurent) and the Minister of Finance (Mr. Harris), and I am here.

Mr. Knowles: You have the quality.

Mr. Herridge: Yes. Mr. Speaker, I am also somewhat heartened by the fact that my Sunday school teacher of nearly 50 years ago is listening to me this evening.

An hon. Member: Do you know your lessons?

Mr. Herridge: I have learned them since that time. Mr. Speaker, I rise to support the amendment and the subamendment. The hon. member for Rosetown-Biggar (Mr. Coldwell) expressed the collective views of this group so far as major criticisms of the budget are concerned. I do not intend to weary the house by a repetition of his explanations. I merely want to re-emphasize and deal with a few matters of particular concern to working people in this country generally, and to bring to the attention of the minister a few matters of particular concern to some of my constituents, which they have asked me to raise during this debate on the budget.

The minister made provision for a percentage reduction of the corporation tax and a percentage reduction of personal income tax. On first hearing it sounded rather good, but on later calculating it did not look so good. I am of the opinion that it would have served the interests of the lower income groups much better if he had accepted the suggestions that have come from this party in recent years, that he increase the basic exemption for single persons to $1,500 per annum and for married persons to, say, $3,000 per annum. The present proposals of the minister merely mean a saving of a few cents a day, and in fact afford no actual relief to the low income groups.

I suggest that the loss of revenue that would be occasioned by increasing exemptions could be made up in other ways. We in this group recognize the fact that a certain amount has to be raised by taxation. Taxes are required to pay for the things we advocate; we do not back away from that. We in this group point out what we consider a fair distribution of the tax burden in this country. In our opinion there was no necessity at all at this time for a reduction of the income tax for corporations. That would be one way to meet the loss of revenue occasioned by increasing income tax exemptions.

We think there should be the imposition of a capital gains tax, which we believe would bring a considerable sum to the treasury of this country. We think that if the minister removed the 20 per cent tax credit allowed on dividends from Canadian corporations his revenue would be considerably increased. We believe the policy we have suggested would be sound and would cover the loss of revenue occasioned by extending the exemptions to lower income group people.

We believe the minister could have assisted the lower income groups by removal of the 3 per cent floor on medical expenses. If the minister considers it proper to reduce the income tax for corporations. That would the time has come to give effect to the wishes of the House of Commons that have been expressed in this respect. The hon. member for Winnipeg North Centre (Mr. Knowles) and other members of this group have advocated the abolition of the 3 per cent floor for some years, and we hope that, even before this debate is finally concluded, the minister will again consider the proposals coming from this side of the house.

Now I should like to deal with a few matters which are of particular concern to some of my constituents and which, as I said before, they have asked me to bring to the attention of the minister. There are many working people in Canada, both salary and wage earners, who because of circumstances are required to live some distance from their place of employment—in my constituency it is a matter of between five and thirty miles—not because they wish to live that distance away from their employment but because in many cases they are forced to live that distance away in order to obtain satisfactory housing accommodation and so on; as for instance the employees of Consolidated Mining and Smelting Company. This is a large corporation operating in my constituency, and I think the circumstances are typical of those existing in many other parts of Canada. There are thousands of those employees who have to travel from five to thirty miles a day to and from their employment. These expenses are considerable. They vary from $10 to $35 a month. They are all unavoidable expenses incurred by these salaried and wage-earning people.

I believe other members of this group agree with me that if the minister can allow the travelling expenses of a commercial traveller who goes around the country selling bubble gum or something as unnecessary as that, surely he could give consideration to allowing these salaried and working people an exemption on account of these abnormal travelling expenses. I am not suggesting that the ordinary expense of 10 or 25 cent street car rides to work should be exempted for income tax purposes, but I do think there is a sound case for consideration of those who have to spend from $10 to $35 a month travelling to and from their employment day after day. I urge the minister to give this representation consideration.

I noticed that when the minister was speaking on the budget he made some reference to special incentive provisions for certain companies. I find on page 2738 of *Hansard* the following:

> Our tax laws contain special incentive provisions for the oil, gas and mining industries. It has been the policy in the past few years to review these provisions each year and annually to grant an extension of them. There are certain advantages in this procedure but, on the other hand, it carries with it some uncertainty for the future. In the past few months I have been giving considerable thought to the operation of these incentives and to the importance of these two industries to the future of Canada. I believe these special tax provisions have clearly established their value in promoting expansion and I now propose to make them a permanent part of our law.

I think the minister is quite correct in stating that this provision has been a special incentive in the exploration for these natural

resources. In my opinion there is some justification for giving consideration to these corporations in this respect because they are endeavouring to develop natural resources, and I think we should promote such development.

However, once again I should like to bring to the minister's attention the fact that I believe the farmers of this country should get similar consideration. If these incentive provisions are justified for these corporations which are expanding production by developing natural resources, then ethically speaking, and by the same token, I think the farmers of this country are entitled to similar consideration. Every new acre cleared, drained or irrigated increases production in this country and this increase performs the same function as does the development of natural resources performed by these companies to which I have referred. I think the farmers of this country who are increasing production by doing the things I have mentioned are entitled to exactly the same consideration as these corporations which are carrying on exploration for the development of our natural resources. I again urge the minister to give consideration to our pleas from this side of the house on behalf of the farmers of this country.

I must say in passing, Mr. Speaker, that I was pleased to note that the minister has decided on the reduction or elimination of tariffs on brooders for farm animals, certain components of feedstuffs, sweet potato seedlings, poultry eviscerating equipment and other machinery connected with agricultural production. I am pleased indeed to see that statement. While in the reading of the paragraph this announcement might not mean a great deal to some members of the house or to other people not acquainted with the circumstances, I know personally that it brings a measure of relief to some of our poultry producers and some of our farmers. I am pleased that the minister has seen fit to do this. I am glad that the representations of the farm organizations and of members of this house in this respect have received favourable consideration by the minister.

We are all pleased with the repeal of the excise tax on tires and tubes, regardless of their use, and with the 5 per cent reduction in the excise tax on automobiles. I am sure that step is welcomed by employers and employees in the automobile industry, and by a good many purchasers of cars in Canada. However, I think that the decision of the Minister of National Revenue (Mr. McCann) not to allow claims for refunds arising out of tax reduction in respect of goods upon which taxes have been paid occasions some injustice. In that respect I have had representations from automobile dealers in my constituency. I know a good number of these smaller dealers very well indeed and I think there is some justification for consideration of their protests and their claims.

The implementation of the budget places some of them in quite a serious position. To illustrate the effect this decision of the Minister of National Revenue has on their businesses, I am going to read one letter I have received, and it is typical. I think it illustrates the position of the average small automobile dealer. My correspondent has this to say:

> In connection with the reduction in excise taxes on new vehicles, we understand that no provision has been made in the budget to take care of new vehicles in dealers' stocks prior to bringing down the budget.
>
> This places practically every dealer in the country in a very awkward position. Every used vehicle on our lots has to be reduced proportionately, which we are quite ready to assume, of course. This is a large item in itself, as any larger dealer has in the vicinity of $50,000 worth of used cars for sale.
>
> My firm's stock of new vehicles on hand on April 5th totalled 20 units, on which we had paid $6,315.80 excise tax. In effect, without any rebate from the department, we stand to lose $2,105.27, in addition to the revision in our used car inventories.
>
> The argument seems to be that the last time they raised the excise tax they did not assess stocks in dealers' hands at the time. However, if I recall correctly, there were practically no dealer stocks in existence at that time—and certainly there was no request from the dealer organizations to be excused from collecting the additional tax.
>
> We automobile dealers are responsible for the collection of vast amounts of taxes for the government—which we pay in advance long before most of the sales are actually made.
>
> May we respectfully request you to make a serious plea to the honourable minister to implement ways and means of rebating dealers for stocks on hand as of April 5th?

I think there is some justification for the complaints of these automobile dealers, particularly the smaller ones, who will be quite seriously embarrassed by the application of the law according to the decision of the Minister of National Revenue. I urge that he give their representations further consideration.

There are one or two other matters I wish to bring to the attention of the minister. The first is one that I have brought to the attention of the house repeatedly throughout the last six or seven years. I have a number of constituents who practice forestry conservation. Some of them have wood lots; they might be termed large wood lots. Some have small timber holdings and some have holdings which are somewhat larger. But they are men who throughout the years have attempted to conserve a certain area of timber varying all the way from 100 acres to, in some cases, 5,000 acres. They have

built roads. They have built trails. They have done thinning on their properties and they have made provision for easy access to the forests in case of fire.

In some cases these men have been doing this for 50 years. They have been conserving cutting from these natural resources throughout the years, and I know several who at the present time have more timber today than they had the day the first axe was swung in those timber holdings.

For persons who are practising conservation policies with respect to the management of timber I suggest that some opportunity should be allowed for certain income tax deductions, such as those that are allowed in the United States, for moneys expended directly in practising these policies. I know that the larger lumber companies are enabled to charge up to operations the cost of roads and certain other costs in developing large timber holdings. I think those arrangements are made with the income tax department. I have never been able to get to the bottom of that deal, as a matter of fact, but I am quite sure that a good many of the smaller timber holders are not able to take advantage of these provisions.

I believe some arrangement should be made for these smaller holders.

In our country there is going to be a much greater development—and I am very keen on it myself—of the woodlot and the smaller managed timber holding of anywhere, as I said before, from 100 acres to 5,000 acres. These people who are providing for the maintenance of the supplies of forest resources should receive some compensation for capital expended now on which in many cases they will receive no return in their lifetime. I know men who today are spending considerable sums of money in building roads and trails and practising forest management principles who will never receive full benefit from the expenditure during their lifetime. It will possibly be 50 years before the results of these conservation policies are fully effective.

I ask of the minister in his budget proposals consideration of some arrangement for these persons who can prove, by inspection or by certificate from the British Columbia forest service or something of that sort, that they are conserving our natural resources and that they are investing money for the future, so they may have an opportunity to deduct a percentage of these expenses from their income tax.

There is no question, Mr. Speaker, but that unemployment is our major domestic problem. I am not going to rehash the unemployment debate in my brief remarks this evening but in that connection, like my leader and all other members of this group, I regret that the budget does not provide for a long-term public investment program to meet this urgent need now and in the days to come. We are very sorry about that. We believe the budget should have contained proposals for a long-term investment program in low-cost housing, a national conservation policy, improved highways, trans-Canada pipe lines, irrigation projects, power development, hospitals and grade crossing improvements. All these things are sadly needed in the country. We are sorry the budget does not make provision for at least the commencement of such a long-term program.

I must say that we welcome the announcement that the government intends to establish a royal commission to examine carefully our potential economic prospects. This is all to the good and from our point of view a very necessary step for the planning of the proper development of our natural resources. Apparently the seeds sown by the hon. member for Winnipeg North Centre (Mr. Knowles) in this respect are beginning to sprout. His speech of March 2, in which he urged the government to adopt a public investment program and to adopt a 100th anniversary committee, has been recognized and considered by the government.

At that time he urged the government to consider a committee to deal with a public investment program, so that when we celebrated our 100th anniversary we would have many things about which we could be proud. The hon. member placed a resolution on the order paper on March 17 asking for the establishment of such a committee to deal with the development of a public investment program over the years and coming to fruition at the time of our 100th anniversary. We are very pleased indeed to learn that the voice of the hon. member for Winnipeg North Centre has been listened to by the minister and the government at this time.

I should like to refer to the hon. member for Winnipeg North Centre as the Sir Stafford Cripps of the House of Commons. He is no Greek Adonis to look at, but he is certainly a good one to listen to. There is no question about it in this case, as on former occasions, the government has listened to his suggestions and advice, and we are very pleased that they have done so.

So far as the personnel of the commission is concerned, I hope it will be thoroughly representative. Naturally you have to have very well qualified persons to act in a satisfactory manner on such an important commission. I do think that, among others, there

should be qualified representatives of the working people, the farmers and the veterans of the country. There are certain aspects of this problem which these three large groups would wish considered, and I am sure that qualified representatives could make a most valuable contribution to the investigation and report by the royal commission.

However, it will take some time for the commission to complete its studies, and what is required at the present time is immediate action to meet the unemployment situation. I do not think we can ignore the fact that owing to various technological and other changes that are occurring in Canada and other countries at the present time, we are faced with the problem of a considerable amount of unemployment unless we take special measures through government action, federal, provincial and municipal, to overcome it. We believe that action should be as the result of planning, co-operation and co-ordination of activities among all levels of government.

I must say I find it very difficult to follow the policy of the Progressive Conservative party so far as their criticisms of the budget are concerned. The hon. member for Greenwood (Mr. Macdonnell), if I heard him correctly and if his television interview was correctly reported, suggested that deficit financing is not a good thing. I think the hon. member for Greenwood was expressing his personal conviction. I judged from his speech that he considered deficit financing a poor thing. I listened to the hon. member for Broadview (Mr. Hees), and I am quite sure anyone can fairly say that his proposals would mean a great increase in deficit financing so far as the government is concerned. Therefore I am not quite sure just what is the policy of the Progressive Conservative party with respect to deficit financing.

Personally, while small deficits may not be of serious concern, I do not think a government or a country can be run for long on very large-scale deficit financing. I think a better way is to provide for a public investment program because—

Mr. Brooks: You agree with the hon. member for Greenwood.

Mr. Herridge: —I think deficit financing would be more costly to the people of Canada in the long run. In my opinion it would be much sounder to establish a public investment program. I believe we should use the collective and personal credit of all Canadians for this purpose. When I say "collective and personal credit" I mean exactly this, that we should use the facilities of the Bank of Canada for the issue of a certain amount of credit to carry on all these necessary public works and projects I have mentioned previously, and that we should also use the personal credit of the people of Canada by the floating of low interest bond issues so the individual citizen of Canada would have an opportunity to contribute to a specific project.

I suggest that the government would get a tremendous response to an issue of Canada development bonds. I think the government would be surprised at the number of Canadians, from the less well off to the very well off, who would like to subscribe to such a bond issue and who would like to feel they were participating in a public investment program advanced by the government. I suggest the government could very well consider discussing with the provinces when they meet here the possibilities for a planned investment program as the result of the use of the collective and personal credit of the country with close participation by as many Canadians as possible. I am sure if it is engendered in the right spirit, if we can get the federal, provincial and municipal governments working together, if we can get their purposes and objectives co-ordinated with close co-operation among all governments and the right appeal to the Canadian people, we can finance a public investment program on a very sound basis that will very soon meet the employment needs in Canada and provide for continuing employment in the years to come.

We have the unemployed representing unused human resources. We have unused natural resources. All we need is action on the part of the government to design a program related to a financial policy to meet the need that is so evident at this time. I do urge the minister to give consideration to that type of approach to the situation.

I am of the opinion that in recent years governments have overlooked the willingness of the people of Canada to respond to this type of appeal. When there was a war on the people responded to war loans. The morale of the Canadian people was high, and each put his shoulder to the wheel. I am confident that this type of program and policy, handled in the proper way and placed before the Canadian people in an attractive manner, would bring a response that would surprise the government. From talking to many people I meet, friends and others, who have some spare cash, I am sure they would be prepared to invest small sums, and that they would be delighted to have an opportunity to take part in such a constructive and progressive development if, in so doing, they

felt they could assure to their fellow Canadians employment in days to come.

Mr. H. P. Mang (Qu'Appelle): Mr. Speaker, I rise at this time to offer a few general remarks on the budget and the economic situation of our country. It would be presumptuous on my part to attempt to give a detailed analysis of either the budget or the economic situation, but perhaps I can offer a few remarks which will have some value or which, if they have no value, will at least give me some satisfaction.

There is one feature about budget debates and the consideration of budgets that has always interested me, and that is the attitude taken by newspapers, people in public life and the general public, when they seem to consider the budget of any public body as something to be considered by itself. To my mind a budget should always be associated with the work it is trying to do. All too often I find newspapers, and the public in general, either going into ecstasy or despondency over whether a tax rate has been raised or lowered; and a finance minister or a secretary-treasurer is either praised or condemned in the light of how much more or less he is providing to be spent in the conduct of the public business for which he is responsible.

This matter has puzzled me for a long time. If I were not afraid of disclosing my age I would say that as far back as 1934, when I happened to be making a speech on the budget of that time in the legislature in Saskatchewan, the same thing puzzled me. On that occasion I said it was as necessary for the people of a country to be tax conscious as to be conscious of a malady such as cancer, tuberculosis or some sickness of that nature. It has always been a puzzle to me to find that people consider expenditures or the providing of funds as something in, as it were, a separate room, apart altogether from a consideration of the things the expenditure of tax moneys is to provide.

The fact is that the two things go hand in hand. If one is fair, then he must consider it in that light, and in that light alone. The balance sheet must be looked at from both angles. To my mind the budget of a public body is much the same as the budgets we have in our own private lives. We see that we have so much money to spend, and that we have so much earning power. Consequently we decide what we are going to buy—what kind of car, what kind of radio, and all those things we wish to provide for ourselves.

When we begin talking about either reducing or increasing taxation we must emphasize in our own minds, and keep it as a background in the consideration of any budget, a clear picture of those things we desire to have.

[Mr. Herridge.]

In the budget now presented to us we must follow a similar procedure. While home during the Easter recess I interviewed a good many people. I called on municipal officials, on elevator agents, on reeves and councillors, and talked to people on the street, and I found the reaction to this budget was very favourable indeed. The impression I gained—indeed, it was told to me in so many words—was that the budget was considered honest and realistic, that it was facing the facts with which we are confronted, that it did not go off into an inflationary program but that it did the best it could to meet the prevailing situation.

People realize that we do not want any reduction in those services which, during times of prosperity, we have built up for ourselves. Those people do not want to give up any of their old age pensions or war veterans allowances. They do not want to deny themselves any of the public services that, as taxpayers in Canada, we have purchased for ourselves. Furthermore they felt that if we were to enter into an extensive program of public works the government would be acting as the agent of the taxpayers to hire those who are unemployed. It was felt that to hire 600,000 people at a time such as this would present some difficulty to the taxpayers.

These were the thoughts that appeared to be in the minds of the people. I was happy with the reception the budget received, particularly so because we in the west, where money is short, as it may also be in some other parts of the country, felt that the budget was facing up to the situation as it exists. The government in office is responsible for the carrying on of the public activities we want, those things for which in many cases we have asked and petitioned. We do not want to have them reduced. We know that moneys have to be provided for these purposes, and therefore we could not expect any great reduction in taxation.

In 1953 our national economy did not suffer greatly dollarwise. The figure, one we hear often repeated, was something over $24,500 million. According to the report of the Department of Trade and Commerce it had dropped last year to $24 billion. Since I am a grain grower and come from the prairies, it interests me very much to know that both in the budget and in the speech from the throne it is emphasized that the lack of production with respect to grain, particularly in western Canada, has had a serious effect and is indeed partly responsible for the drop in Canada's national output. To me this is very interesting, because it emphasizes the great importance of the three prairie provinces in our economy. Indeed, they are at

least the stone on the side of the keystone in the economic arch of Canada. I noted particularly the emphasis on that phase of our economy.

We did suffer last year. In the province of Saskatchewan there are places where we grew 20, 30, 40 and 50 bushels of wheat to the acre the previous year. Last year we grew 2, 3, 4 and 8 bushels of wheat to the acre. My constituency of Qu'Appelle is practically all under the Prairie Farm Assistance Act. That means that a great part of it yielded fewer than 4 bushels to the acre and nearly all of it yielded fewer than 8 bushels to the acre. This made quite a dent, shall I say, in the economy of our area, as it did all through Saskatchewan.

We are very appreciative of the help this act has given. Naturally some of us would like to have had more; who does not want twice as much, if he can get it? But we do appreciate and have appreciated the consideration that has been given to the west by this government over the years it has been in office. We do appreciate what it has done to solve western problems and the help it has given to meet them.

I have mentioned previously some of the things this government has done, which we greatly appreciate. Of course we westerners must be forgiven for some of our impatience, because we are so young. Some of our grandfathers saw the buffaloes roaming there. Our grandfathers and fathers took over the raw prairie from the Indians, the gophers and the buffaloes. That is in the memories of men still living there. We all know that the young are very impatient. That can be seen from the political performance of the twin provinces of western Canada, Alberta and Saskatchewan, who are celebrating their fiftieth anniversary this year. I do not know of any two political parties that are more opposed to each other than those two facing each other across the Saskatchewan border. One province is Social Credit and the other is socialist at the present time.

It will not be that way all the time, of course. That is partly owing to their youth. I hope other members from other parts of Canada who are pioneers, not of the west but of Canada itself, will understand that. I think at once of the oldest and yet the youngest province of Canada, namely Newfoundland. I have been told that in that province today there are roads that were laid 350 years ago. It makes me feel very humble and very appreciative of the fact that we are young, and because we are young we make demands and requests, sometimes in very violent fashion. That is one of the reasons we do it in that way.

We are short of cash throughout western Canada at the present time. It is not at all hopeless, however. The situation is that we bought a great quantity of goods during our prosperous times. We are just like the worker in a factory. If he gets an increase in wages he spends it the day after tomorrow, and very often it is spent on a new television set or on a new commodity of some kind that he wishes to have.

We are far from bankrupt in western Canada. Indeed, our wealth is quite substantial. A good deal of our money has been sent to Windsor, Toronto, Montreal and Oshawa. We do not regret that because we do not care so much for money out there. What we care for are goods, which are the true wealth of any land. We want a new combine; we want a new truck or a new car, and that sort of thing, but at the moment we are short of cash. If those wheat payments can be hustled along a little we shall appreciate it. I do not threaten as some people do, by shaking a finger or a fist at our very efficient Minister of Trade and Commerce. That does not make the stenographers work any faster, and it is not physically possible to get the payments out any faster. We are going to be patient. We are very patient people out in the west. We have acquired that virtue because we have learned to depend chiefly on the weather and the soil for whatever we have.

In spite of the handicap of a socialist government from which we suffer out there—I shall not mention the other government, because it does not concern us at the present time. They are getting along very well, but they are also getting help from sources outside their own borders and, of course, oil and gas—we are hoping that with the help we are getting from this government in various ways, with the other payments coming in, and with the grain moving again, we shall not have to ask the house for any special consideration.

The matter of trade has been emphasized over and over again. It has been said that we must expand our trade. The loss of some of our markets has been deplored. Of course the loss is regrettable. I was interested in the discussions on unemployment and trade. Employment in any country depends upon trade, both domestic and foreign, but that trade depends upon the consumer. Unless someone buys the thing you make, it just lies there. For example, you can have combines standing in Toronto by the acre, or trucks standing in Oshawa by the acre. They do not do anybody any good until someone starts to use them. As soon as the products of labour are brought into use you have wealth, and not before that.

The consumer has not been emphasized enough in our discussions here. The consumers of this country, or of any country with which we trade, call the final tune. The consumer is the one who decides whether he will or will not buy. May I point out that we, as western farmers, have always tried to be reasonable in the marketing of our grain. May I give this illustration. Every manufacturing concern in the economy of Canada should consider it very carefully. When we formed the wheat pool through which we hoped to market our grain, one of the objectives of that farm organization was to try to keep the price of our grain in a reasonable relationship with what the consumer was able and willing to pay. With the exception of 1929, when many people in this country, the United States, and throughout the world for that matter, misjudged what the consumer was going to do, we have followed a policy in our sales of grain of always considering the ability and willingness of the consumer to absorb our product.

Without going into detail on that point but just to bring it into focus I would point out what happened last year, and I do this to indicate what I think industry should do. Perhaps I should not say "should do", as it is up to them, but this is what the wheat board did. First of all we recognized that the markets of the world were becoming highly competitive, and that if we were going to sell our product we would have to maintain our competitive position. We all heard the Minister of Trade and Commerce make that statement when the price reduction was announced.

This is what happened in western Canada last year when we tried to adjust ourselves to the competitive situation that had developed in the international grain market. I should like to quote a short paragraph from the Canadian wheat board report dealing with price which illustrates how we have tried to meet the international competitive situation with regard to the sale of our wheat which, as I said a few moments ago, forms such an important part of our national economy, as was recognized in the budget speech and the throne speech as well. Referring to the international wheat agreement the report had this to say:

> From the agreement level of $2.03 per bushel at the start of the crop year board quotations for No. 1 northern wheat basis in store Fort William-Port Arthur declined through the course of the crop year to a level of $1.70½ per bushel on July 30, 1954, representing an over-all decline of 32½ cents per bushel for the year.

That was done in order to meet competition in the markets of the world. I ask industry, which would consist of the investor, management and labour, what they have done to remain competitive in the markets of the world. In western Canada the budget resources of the farmers have shrunken, not only because of yield but because of price adjustments. When we come to consider the purchase of a new truck, a new combine or a new machine produced in eastern Canada in the centres I have named we are faced with the fact that the cost of labour has risen and profits have increased.

We in the west cannot see how our commodity is going to take the adjustment when on the other hand industry, consisting of the units I have mentioned, is permitting its returns to go up all the time. We hear of less work, more wages, better holiday arrangements and more fringe benefits. The cost of all these items is built into the price of the combine, the truck and the car which we must have to run our business of producing wheat.

I am not telling anyone what to do; I am simply posing the question. That is one reason I was glad to have it announced in the budget speech that a commission is to be appointed to look into the whole economic picture of Canada. Some hon. members have indicated that they think this might take a long time. I do not know, but if the right men are appointed and they get busy I do not think it will take too long. The Prime Minister will know more about this because he was on the Rowell-Sirois commission, which had a somewhat similar duty to perform.

I suggest that the commission should consist of responsible men. It should look into the reasons for our high costs of production which I have hinted at, and the relative influence those matters have upon our high-cost economy which is making it so hard for us to compete in a highly competitive world against West Germany, Great Britain and Japan, three of our chief competitors who within the past few years have come up by leaps and bounds. As a matter of fact, as their employment figures have increased and as their production has been poured onto the markets of the world, to that extent have our unemployment figures here in Canada increased.

This commission should make a thorough survey of company profits, investor returns, labour and transportation costs. The cost of transportation is quite an item in the wheat and pulp and paper industries. Last year it cost the pulp and paper industry something like $250 million in transportation costs alone, and we could easily figure out the cost of transporting wheat, a most vital

factor in our high-cost economy. And then there is taxation to be considered.

This commission will be able to establish facts in a way that we cannot establish them in this House of Commons. In this chamber we might be able to assess the economic situation in Canada in relation to the five points I have mentioned, but our duties are different. One group has the responsibility of conducting the business of the country; another group has the responsibility of criticizing the way in which that business is done; others offer suggestions, and so forth. The net result is that the poor public are very much confused as to what is the actual situation.

I am pleased that this matter is to be dealt with by a royal commission because above all else it will provide information to the people of Canada which is unbiased and not coloured by the political expediency of any party, or entangled with certain matters which should not enter into it at all. I would not undertake to indicate the personnel of this commission, but I was highly impressed by Mr. Graham Towers at committee meetings last year. Then there should be two representatives from the manufacturers' association, one from management and the other from the investors' side. I would certainly have representatives of labour sitting on the commission. Such institutions as banks should be included, and of course farmers, one farmer from the east and one from the prairies.

The reason I would like all these people represented is this, that they would share the responsibility for that report. You could go out into the country and give the people a factual presentation of the situation as it is, uncoloured by political bias. It would do away with the confusion that is brought about at the present time in the way these economic facts are presented to the public who are responsible for the membership of this house.

There is another point I should like to mention because it comes up so often. It came up again tonight. That is the question so often asked, if we can so regulate our economy during war that there is no unemployment, and if we can get all the money we want during a war, why not in peace? I have puzzled over that for quite a while, but I have answered the question, to my own satisfaction at least, for some time past. I do not remember much about 1914—we had no radio then—but you will remember that on the eve of the declaration of war in 1939 we had a marshalling of all the political forces of this country within one hour. I think it was from seven to eight o'clock out west, when the then prime minister, Right Hon. Mackenzie King, spoke, telling the people of Canada what was happening and what had happened. Then the premier of every province spoke on the same program. The result of this was a marshalling of the minds and the will and, as a result of that, the resources of this country to one purpose. That is the first reason you can do certain things during wartime which you cannot do in peacetime. I challenge anyone to suggest that such unity could be attained even if you had a million unemployed today.

The second thing is this. With the marshalling of all those forces of the mind, of the will and of the resources, both human and natural, you have the government immediately going into action with respect to the regulating of the economy, and you institute a rigid economy to accomplish that one aim in which we all unite. You have the invoking of the War Measures Act, you have the national registration, and you have the wartime prices and trade board. You marshal the human resources, and that is why you can do those things about which the question is so often asked: if you can get all that money in wartime why can you not get it in peacetime? That is one of the reasons. You can get that kind of unity and you can solve your problems as easily as that. But you would never get it, even if you had a million unemployed, today. That is the way I answer that question for myself. Others may answer it as they wish.

The other matter concerns the profits of corporations. We live in a free enterprise economy. That of course is a term which has been kicked around almost ad nauseam, "free enterprise" or "private enterprise". Many people mention it and do not even know what it is. It simply means that a person in this country will produce the most when he is seeking his own happiness; when he has his own way of working and is using his own skill for his own profit. He may have great ambition or little ambition; he may have initiative or not, and that depends on each individual human being. A great deal is made out of so-called big business. I sometimes wonder whether it is to the advantage of the people themselves—never mind the business or the economics—to indicate to them that somebody is trying to rob them all the time. It creates a spirit of leaning on somebody else to accomplish the things which the individual actually wants to accomplish. Let us look at some of the figures. This is perhaps just one example, but it applies to others in a greater or lesser degree:

The British Columbia firm of MacMillan and Bloedel Limited, one of the world's greatest enterprises in forest products, records gross receipts

of $142 millions in 1954. Of special significance is the disposition of profits. To 4,582 shareholders there went a total of $4,189,000 in dividends.

Coupon clippers, I presume.

To governments (federal, provincial and municipal) there went taxes totalling $14,490,101. To 8,648 employees there went salaries and wages totalling $30,023,649.

. . . the owners of the business—the shareholders—got less than one-third of what went to governments in taxes, and about one-seventh of what went to workers in salaries and wages.

I am not condemning labour, those who work with their hands or work with the pen or work with their brains in management, for wanting a fair share and keeping the bulk of what comes out of that particular business. But the point I am trying to make is that we should not condemn a business as such just because it is making profits. We are all sharing in those profits, particularly today, because in the last 30 years at least the corporations have taken on a different form. The public itself is a shareholder. General Motors corporation has something like 500,000 shareholders, and you could name others.

I do not want to go into details at the present time, but the point I am making is that labour prospers to the extent that businesses prosper; it gets its share out of those profits. Remember this. In this house the Minister of Finance through his taxation powers can reduce those profits by taxation if they should get beyond all bounds or if they injure the economy by taking too much in profits out of the production of goods. The Minister of Finance and the government in that case will use those profits and redistribute them, as he is doing now.

I know there are other sides to the argument, but the point is, what is the alternative? The alternative is, of course, state ownership and state control of the means of production and distribution. If you are going to switch from this economy you will have to go to some alternative. I question very much, and I have always questioned, whether the people of Canada are of the type who want to have their private initiative controlled and governed by a body that is perhaps not endowed with any more wisdom than the average man in the land. Looking at it fairly, before we condemn the system we have and try to substitute another one therefor, we should look at some of these angles in a realistic way.

There is one more matter on which I wish to give my own view. In this house we have had mentioned very often—indeed we hear it every day—our great natural resources of forests, lands, streams and rocks. Those four basic natural resources have been mentioned.

It has been contended that because we in Canada have such an abundance of these natural resources, and an extremely energetic people, there should be no unemployment, and that all this is wealth.

I think I pointed out previously in this house, in my own immature way, of course, that these natural resources are not wealth until they are turned into something usable, and that until it gets into the hands of the consumer it is nothing. Otherwise you might as well leave the resource for the artist to paint or for the fisherman to enjoy.

To make the example more extreme, consider these combines and trucks that you see standing around that have not gone into consumption. Until they go into consumption they are not wealth. If you try to monetize them after they are built and bring them into consumption in that way, I just am not condemning the idea but I am wondering whether that is feasible or possible. Those combines and trucks might just as well have been left in the ground, as far as wealth is concerned, until some farmer buys the combine or somebody buys the truck. The combine or truck is not wealth until it goes into consumption. It can go into consumption only when an individual uses his brain and his brawn to get some purchasing power through his own efforts. Then he can turn this into wealth and something usable.

Mr. Johnston (Bow River): Come on over here. You do not belong over there.

Mr. Mang: Perhaps you do not get my point. I have not time to go over it again. So we have these natural resources, but we must have the application of the stored-up wealth that we have in the form of money and the desire or the ambition and the energy—particularly the initiative and the ambition—of the individual Canadian to go out and get something for himself if we are going to keep the economy alive and build it up. If you are going to bring these products of your ambition, energy and initiative to the consumers you must bear in mind what the consumer thinks he can pay you for the service you have rendered.

We in the wheat business are trying to do that. I urge the rest of the people of Canada —particularly the labour unions, management and investors—just to take a good long look at the matter. I therefore think this suggestion of the Minister of Finance with regard to appointing a commission is a good one, together with my suggestions as to personnel. By this means I think we can bring the economic problems into focus.

It has often been stated that the twentieth century belongs to Canada. It was repeated

this afternoon. That prophecy was made at the beginning of the twentieth century. It was made by a son of old Quebec from which the original white Canadians came. By a peculiarly strange stroke of fate, in the middle of the twentieth century we have from that same province a Prime Minister who is charged with the responsibility of making a reality that vision of 50 years ago. I think we are well on the road to that progress if each individual and each section of Canada will assume his and its share of responsibility rather than throwing the responsibility on somebody else, or more particularly loading upon the government of Canada alone the responsibility for prosperity and well-being in this land.

Mr. J. A. MacLean (Queens): Mr. Speaker, on looking quickly over the budget speeches over the years, I have found that one thing is noticeable, namely that the question of tariffs looms less important now in the budget speeches than it did a number of years ago. I suppose this situation is due, in part at least, to the fact that tariffs are not now looked upon as a source of revenue to the extent they were at one time.

I realize that I am running the risk of committing the sin of oversimplification but it would seem to me, Mr. Speaker, that generally speaking the items on which we might have tariffs fall naturally into three classes. First, there is the class of items which we are forced to import, which we do not produce in our own country. In that category, of course, fall such things as citrus fruits, spices and many other things.

It would seem to me that those items as a class should be free of duty, because any duty imposed on them is imposed merely as a source of revenue; and if duties are imposed they increase the cost of living by that amount. I think there are some items in this classification which are not duty free but which might well be. For instance, I believe there are tariffs on some such items as fruit juices, citrus fruits and items of that sort which there is no hope of ever producing in this country. I realize that there are other fruit juices that might be considered to be competitive; nevertheless I think that, generally speaking, there is a large class of goods which should remain duty free.

Then on the other end of the scale there are other items in which this country is pre-eminent and as to which there is no worth-while competition from other countries. In that group you might place nickel, asbestos, perhaps wood pulp and many other things. We do not normally import these articles anyway, because our own national industries can compete effectively with any imports. In these cases it would seem that duties are unnecessary. That leaves, of course, the great group of products which are produced in this country and with which imports compete. That, of course, is the group that gives us the biggest problems when it comes to deciding what items should be protected and what items should not be protected.

In connection with changes in the tariff, I am pleased to note that certain things which are used in the agricultural industry have had the tariffs removed. I refer to such things as agricultural spraying equipment and items of that sort. I feel that is a welcome move to Canadian agriculture and the Canadian people generally. I am also pleased to know that it is intended to refer the question of the tariff on potatoes to the tariff board. To my way of thinking it is a matter of pressing importance that some protection should be given to the Canadian potato grower if at all possible.

The question of arriving at what is a suitable tariff for various imports is further complicated by the fact that our country falls into four different economic areas, the Atlantic provinces, central Canada, the prairies, and British Columbia. A tariff set-up which will please one section and stimulate its economy may not be satisfactory for the others. I suppose the only way you could make everyone happy as far as tariffs are concerned would be to have the reverse of a customs union. You would have to balkanize our tariff system so that it coincided with out naturally balkanized economy. That of course would not be practical.

Therefore the only solution that remains is to try to bring the economy of all parts of the country more into balance. In this connection I think it is fair to say it would be easier to devise a tariff structure that would meet with the approval of all if industry were spread across the country, and if our industrial areas were not so dependent for agricultural products on far-away sources. I was very interested in a brief reference to a certain subject made by the Minister of Finance in his budget speech. As found at page 2730 of *Hansard* of April 5, he said:

> There should also be an increase in construction activity in the season now beginning. Indeed, it is clear to all of us that alongside the pushing back of the physical frontiers of our country there is also taking place an expansion of urban facilities which is simultaneously making Canada a land of large cities. This trend toward metropolitan development creates special problems of its own . . .

I am very pleased that the minister recognizes that this trend creates problems. I think it is perhaps one of the most serious trends that has taken place since the war.

If it is allowed to continue and the policies are maintained which permit it to continue, this dangerous and shortsighted program may well lead ultimately to the very destruction of civilization in this country.

If we do a little basic thinking about the matter we will realize that centuries ago, or even up until quite recent times, large cities were a necessity. They were a necessity for defence reasons in early times. In medieval times you had to put a wall around a city. It was necessary to have the people living in a very small area. Cities were necessary for purposes of communication. In those days means of communication were very crude and slow, and you could not communicate rapidly over great distances. There was also the problem of transportation. Everything had to be carried by man, animal or boat.

All these problems have now disappeared. In this connection I should like to quote from a speech delivered at Harvard University in 1930 by Alfred North Whitehead. He said in part:

> Throughout the whole span of civilization up to the present moment, the growth of condensed aggregates of humans, which we call cities, has been an inseparable accompaniment of the growth of civilization. There are many obvious reasons: the defence of accumulated wealth behind city walls, the concentration of power in the form of human muscles and, later, in the form of available heat energy, the ease of mutual intercourse required for business relations, the pleasure from a concentration of aesthetic and cultural opportunities, the advantages of a concentration of governmental and other directing agencies, administrative, legal and military . . . But, if we examine the trend of technology during the past generation, the reasons for this concentration are largely disappearing. Still more, the reasons for the choice of sites for cities are also altering. Mechanical power can be transmitted for hundreds of miles, men can communicate almost instantaneously by telephone, the chiefs of great organizations can be transported by aeroplanes, the cinemas can produce plays in every village; music, speeches, and sermons can be broadcast. Almost every reason for the growth of cities, concurrently with the growth of civilization, has been profoundly modified . . . the effect of new technologies on the sites of cities, and on transformations of cities, is one of the fundamental problems which must enter into all sociological theories. . .

There are, on the other side of the scale, very important reasons why this trend toward a few large cities in Canada should be reversed. In this atomic age large cities can be wiped out almost instantaneously by H-bombs. It would take very few of them to paralyse a very high percentage of the production and population of the country if present trends are permitted to continue. Transportation also is being complicated by the congestion of our larger cities. At the present time we have the contradictory situation of it being necessary to spend millions of dollars in Toronto, and probably in Montreal, for the construction of underground railroads, while at the same time we have applications from our national railways before the board of transport commissioners requesting that services be discontinued in many of the outlying parts of the country because of lack of traffic.

These, Mr. Speaker, are a few of the reasons, but there are many more. I could refer at length to the many complications created by the fact that our population is concentrated in a few centres. For example, it has been calculated that the workers at the A. V. Roe company spend $12,000 a day just getting to work. It has also been calculated that traffic delays in the city of Montreal cost $30 million a year. These are figures which alone would give one reason to believe that we should contemplate doing something about the growing tendency for our industries and our population to congregate in a few large centres.

Ex-mayor McCallum of Toronto was reported in 1949 as saying that he thought his city should grow no larger, but that only senior government action could prevent it. I think that was a true statement, and that it behooves this government to give a lead in the dispersal of industry and population more evenly across the country. I do not mean by this that it would be necessary to uproot present industries, wherever they may be, and transplant them to new areas. But the continued trend to construct new industrial sites around our larger cities definitely should be discouraged.

In other countries something is being done about it. In 1940 the government in Great Britain appointed a royal commission to look into this very problem, as a result of which the new towns act was passed; so that now in Great Britain there are under construction 16 garden cities ranging in population from 30,000 to 80,000.

In the United States the problem has received government recognition. In 1948 the national security resources board issued instructions in industrial locations advocating that no new factories be built adjoining centres of more than 50,000 people. After that report was made, and perhaps partly because of it, only about a third of the new plants built in the United States since 1940 have been located in places with populations over 100,000. So it appears that in that country a concerted effort is being made to deploy the economy and the industry of the country evenly throughout the whole area.

In this connection I should like to quote briefly from an article which appeared in the

Community Planning Review for November, 1952, regarding a conference held just prior to that time. It says:

> The theme of the presentation, made by members of our council to the federation of mayors last July, was that the major cities of Canada, and indeed major cities all over the world, have grown beyond the point where they are efficient in terms of industry and commerce, and also beyond the point where they provide happy and satisfactory living for those who must spend their lives in, or in close proximity to, these larger metropolitan areas.

In that connection, in 1946 a survey was taken in the United States by, I believe, *Fortune* magazine, when it was found that two-thirds of the people living in American cities having populations of over 100,000 were dissatisfied with the environment in which they were forced to live.

I think it should be agreed that this is an important problem about which up to now this government has taken no action. It is a problem which is becoming increasingly acute, and it is a trend which as time goes on it will be more difficult to reverse. I intend now to turn briefly to another subject, but I must say that the one I have just discussed is one I would like to hear debated in the house when the subject of civil defence is under consideration, if indeed it cannot be approached from some other point of view.

I turn now for a few moments to government accounts and to the budget, as such, presented by the minister. During his budget speech he had this to say, as reported at page 2730 of *Hansard*:

> Assuming normal crops, and if no unforeseen adverse events occur, I would expect our gross national production in 1955 to exceed 1954 by 5 or 6 per cent; that is, it should reach $25¼ billion or perhaps just a bit more, and on that figure I shall base my revenue forecasts.

A little later on he had this to say regarding his predecessor's budget speech of a year ago:

> In his budget speech last year my predecessor projected a scale of expenditures and revenues that almost exactly balanced. He made it clear, however, that his projection was based upon two assumptions, normal crops and an early resumption of our normal rate of industrial expansion. He said explicitly that if these conditions did not materialize there would be a deficit of 2 or 3 per cent. Well, as hon. members know, we had a poor wheat crop, the poorest in 17 years, and the resumption of a normal rate of industrial expansion has been slower than we had hoped. As a consequence we have a deficit equal to 3½ per cent of our expenditures.

My reason for offering these quotations is to remind the house that during the last ten years at least we have been in a period of rising prices. Or, to say this in another way, we have been in a period when the value of the dollar has been going down constantly in the matter of purchasing power. Under those circumstances it is or should be easy indeed for any government to balance its budget, for the simple reason that it pays its commitments in dollars having less purchasing power than dollars had when the commitments were made.

In a period of rising prices, of course, all debtors benefit because their commitments in terms of purchasing power go down. That is a happy situation for any government to find itself in. But, like most benefits of that kind, the old rule that one gets nothing for nothing comes into play; and there will come a day when the situation will be reversed and all debtors, including the government, will find themselves obligated to meet their commitments in dollars with a purchasing power equal to that of the dollars current at the time the commitments were made.

Relatively speaking it has been a simple matter for this government to meet its commitments to the recipients of family allowances and old age pensions in dollars which have only a little more than half the purchasing power of the dollars existing when the commitments were made. The same applies to the interest on the national debt, and all other commitments of government. But from now on there is a strong possibility that this trend will not be so great, and that it may even be reversed.

Under those circumstances the minister admits that the budget will not be balanced. He places his estimate on a very optimistic outlook, so far as gross national product is concerned, measured in dollars. It seems to me that when the inflationary trend stops the actual gross national product may continue to go up as far as goods are concerned, but it may decline as far as dollar value is concerned; and after all it is on the dollar value that the budget is based. So we may be entering a time when it will become increasingly difficult for this or any other government to balance its budget.

Therefore, Mr. Speaker, I maintain that this is a time when every effort should be made to reduce unnecessary expenditures and see to it that the taxpayer gets 100 cents in value for every dollar he is forced to spend. If prices continue to rise in a spiral the cost of living will continue to rise, and that would not be a good thing. We could quite easily reach the inflationary point of no return. Already the cost of living is so high that many Canadians find it difficult to exist.

Not only is the cost of living high under this government; even the cost of dying is very high, and no change has been made in that regard. I note with regret that the Minister of Finance did not see fit to remove

the sales tax from such items as coffins, hearses and even flowers, which one places on the graves of deceased persons. It strikes me as almost ghoulish that the government should see fit to enhance its revenue at the expense of those who have been recently bereaved. In most families death is a catastrophe from the financial point of view, even leaving the sales tax on coffins out of consideration.

Some minor reductions have been made in the income tax, and they are welcomed. I regret that no relief whatsoever has been given to the large group of Canadian citizens whose entire tax burden is borne in the form of indirect taxes. I also regret that no relief has been given to the municipalities. The least that could have been done was to make purchases by municipalities exempt from sales tax. I should have liked to see a budget which gave more consideration to the primary producers of this country. It is those who produce goods who cause our standard of living to rise in a material sense. Too much emphasis can be placed on services. Services may be a very convenient thing and in many instances are necessary and contribute to production; but if the accent continues to be placed on services, we may as a nation get to the point where we are trying to be well off and reach prosperity by, if you carry the argument to its logical conclusion, taking in each other's washing.

Mr. Fulton: A very important matter; cleanliness is next to godliness.

Mr. MacLean: But you cannot live on it alone.

The Minister of Finance was very optimistic, or he based his predictions on a very optimistic forecast of industrial and business expansion in the year that lies ahead. I hope that in the interests of the economy of the country, the standard of living and the happiness of all Canadians, his optimism will be realized in fact. I hope that the industrial expansion in the year that lies ahead will exceed his fondest hopes. If it does, I hope he will not attribute it to the very meagre relief he has given by way of tax reductions.

Mr. Claude Ellis (Regina City): Mr. Speaker, I believe the most important thing to consider in a debate of this kind is the role which we assign to the budget in our modern-day society. There may have been a time in our history when the budget was considered merely as the instrument by which the government raised moneys to carry on the day to day activities of government. But I believe today we have to consider that the budget is also an instrument of social and economic planning. It is a means of dealing with the major economic difficulties facing the nation. It is on that basis that we ought to consider the budget brought down by the Minister of Finance, and judge whether or not it contributes to a solution of the outstanding problems facing Canada at the present time.

Before dealing with the broader aspects, I should like to make a very brief reference to a number of specific provisions or perhaps omissions in the budget. Great emphasis was laid on the reduction in the personal income tax but I wish to draw to the attention of the house the fact that there are a great many people in Canada who do not pay income tax, for the simple reason that they have never earned sufficient money to become liable for taxation. I checked the latest figures available, and I must say at the outset that they are 1952 figures. I do not believe percentage-wise there is a great deal of difference between the figures of that year and the figures of last year.

I found that in Canada in 1952 there were over half a million Canadians, some 594,980 to be exact, who had incomes of under $1,000; there were over 403,000 Canadians earning incomes of from $1,000 to $2,000; there were some 251,000 Canadians earning incomes of between $2,000 and $3,000; and some 20,000-odd earning between $3,000 and $3,500. These figures give us a total of some 1,276,610 Canadians who, during that year, were not liable to income tax simply because their incomes did not make them liable for such tax.

Bearing these figures in mind we have to ask ourselves this question. What has the budget done for this great number of Canadian citizens? It has given them no tax relief whatsoever, and I remind the house that these are the people in greatest need. I suggest that when the government is bringing in some measure of tax relief it should be directed toward those who are in greatest need. If the government has operated on that principle there would have been a different sort of tax reduction provided for in this budget.

We have to ask ourselves, what has the budget done for our senior citizens on old age pensions? What is in this budget in the way of tax relief for our blind pensioners, for those on war pensions and war veterans allowances, or for the vast number of Canadian citizens who are on small pensions of one kind or another, such as former railroaders, for example, who are seemingly trying to exist on pensions as low as $25 a month? There is no tax relief for these people in this budget.

When the Minister of Finance brought down his budget and there was a tremendous amount of desk-thumping by supporters of

the government, it seemed to me that it was an indication of an attitude of mind. They were pleased with the budget even though it had overlooked the needs of the great number of Canadian citizens who are not earning enough money to pay income tax, and in 1952 there were over 1,200,000 Canadians in that category. As I pointed out, there is no tax relief whatsoever in this budget for Canadian citizens in the greatest need. I remind those supporters of the government who were so enthusiastic the night the budget was brought down that this budget has shown a callous disregard for the plight of many of our citizens.

I would call attention to the deceptive manner in which the government tried to get this across to this house and indirectly to the people of Canada. A great play was made on reductions in the income tax, and we were told that the income tax deductions were going to vary according to income. We were told that those in the lower income brackets were going to get a tax reduction of 13·2 per cent, and then we were told in the next breath that those in receipt of high incomes were going to get a tax relief of only 2·8 per cent.

I wonder who the government thought they were fooling with that sort of subterfuge. No matter how you figure it out it means a 2 per cent blanket reduction across the board. The government brought this in in a deceptive manner and tried to convey the impression that there was some fairness and equity in the manner in which these reductions were being made, when all the time there was plain evidence that the income tax reductions amounted to a flat 2 per cent reduction across the board.

There is no justice or equity in that sort of tax relief. A 2 per cent reduction across the board means a lot more for the big fellow than it does for the small fellow. When we look closely at the figures we find that a married man with two children having an income of $3,000 will get tax relief this coming year of $14. On the other hand the taxpayer who is in receipt of an income of $20,000 will get tax relief amounting to $354. Is that the Liberal concept of equity and fairness in a tax program, that the person who needs help, the person with a low income, gets a niggardly $14 reduction in income tax while the man earning $20,000, who certainly is not on the verge of being poverty stricken, gets tax relief amounting to $354? I ask, is that the Liberal concept of fairness and equity in a tax program?

If the government had wished to do something to reduce the tax load on the people of this country who most need relief they could have done that by reducing the indirect sales tax. I would venture the opinion that the average family in Canada in the lower income groups, perhaps those at the lowest level of liability for income tax purposes, will pay about twice as much in sales tax during the year as they will pay in income tax. So if the government had been anxious to give tax relief to those who are in greatest need they would have brought about a reduction in the field of indirect taxes.

There are not too many figures available with respect to this problem in Canada, but I have noted a survey and study prepared for the United States congress in 1941 entitled "Who Pays the Taxes?" This report reveals that in the United States indirect or consumption taxes took from 16 to 20·6 per cent of the income of those receiving incomes under $3,000. For the income group earning from $10,000 to $15,000 indirect or consumption taxes took only 9·9 per cent of income. In the case of those earning $15,000 up to $20,000 the indirect and consumption taxes took only 8·8 per cent of income, and in the case of those earning more than $20,000 the indirect or consumption taxes took only 5·7 per cent of income.

Therefore it is quite obvious that the indirect tax bears most heavily on the low income group. The figures supplied in this study would indicate that indirect taxes bear about four times as heavily on the lower income group as they do on the higher income group. The reason is quite obvious. A person on a low income must spend all of his income on consumer goods, whereas the man with a higher income can afford to put money aside in savings. Therefore the lower the income the greater the amount of money spent on consumer goods.

I repeat that if this government had been anxious to provide a measure of tax relief for the lower income groups of this country they would have gone about reducing the indirect taxes.

On motion of Mr. Ellis the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: On Monday we shall take third reading of Bill No. 263 and then the following items in the order in which I indicate them: No. 4, National Parks Act; No. 13, Territorial Lands Act; No. 14, Precious Metals Marking Act; No. 9, respecting the Canadian forces; No. 11, Veterans Benefit Act; No. 12, great lakes fisheries convention; No. 6, resolution with respect to Canadian National Railways and No. 15, an act respecting unemployment insurance.

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

HOUSE OF COMMONS

Monday, April 25, 1955

CANADIAN NATIONAL RAILWAYS

SUPER CONTINENTAL TRAIN—ANNOUNCEMENT WITH RESPECT TO PASSES

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I should like to make a statement which I think would be of interest to hon. members concerning the Super Continental train. The management of the Canadian National Railways has advised me as follows: The number of cars making up the new Super Continental, which commenced operation between Montreal, Toronto and Vancouver on April 24, must be limited to enable these trains to hold their new fast schedules. This limitation, coupled with the very large expenditure involved in providing new equipment for and operating these new trains, has placed upon the Canadian National the obligation of deriving the fullest passenger revenue from the new service and of ensuring sufficient accommodation for all revenue passenger traffic offered. For these reasons the following restrictions have been placed on passes:

1. No pass held by railway personnel of any rank or by other than railway personnel will be accepted for transportation on the Super Continental, unless such pass is accompanied by a special permit issued under authority of the office of the president.

2. So far as railway personnel are concerned, such special permits will be issued only when it is considered to be in the company's interest to have the employee use the Super Continental; but, in the cases of holders of passes other than Canadian National personnel, applications for such permits will be given appropriate consideration.

The Canadian National is thus making every effort to reserve sufficient accommodation on the new train for revenue passengers, but the action being taken will, of course, in no way affect the rights of members of the Senate or of the House of Commons to use their certificates to travel on the Super Continental when it suits their convenience to do so. Special consideration will be given to applications for permits for dependents of members of the Senate and of the Commons accompanying them.

I think the last phrase is the best part of the statement, Mr. Speaker.

Mr. Fulton: May I take it from what the minister has just read that members of parliament and their families will not be welcomed on board either of the new trains?

Mr. Marler: Mr. Speaker, I hope that when the hon. member reads my statement tomorrow he will find there is a little more warmth in it than he has suggested.

Mr. Fulton: I doubt it.

[Later:]

INQUIRY AS TO PROPORTION OF ROLLING STOCK TO BE MANUFACTURED IN CANADA

On the orders of the day:

Mr. O. C. Trainor (Winnipeg South): I should like to direct a question to the Minister of Transport. Can the minister state what proportion of the new rolling stock required in the operation of the Super Continental train of the Canadian National Railways will be manufactured in Canada?

Hon. George C. Marler (Minister of Transport): I will take my hon. friend's question as notice. It is not the kind of information that I ordinarily would be carrying in my possession. I shall make inquiries and give him an answer as soon as I can.

COMPARISON OF RUNNING TIME WITH THAT OF C.P.R.

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I should like to address a question to the Minister of Transport. In view of the present interest in the dieselized trains which left Montreal and Vancouver yesterday, can the minister explain why passengers on the Canadian National should spend two hours and ten minutes longer on the train going from Montreal to Vancouver than those on the competing train when, prior to dieselization, the Canadian Pacific Railway train was only able to beat the Canadian National Railways train by fifteen minutes?

Hon. George C. Marler (Minister of Transport): I received notice of my hon. friend's question just a few minutes before coming into the house. I shall institute inquiries and, as soon as I have an answer, I shall communicate the information to him.

Questions

WITHDRAWAL OF HILLSBOROUGH BRIDGE FROM ENTRUSTMENT

Hon. George C. Marler (Minister of Transport): I beg leave to table under the provisions of section 18, paragraph 2, of the Canadian National Railways Act, chapter 140, Revised Statutes of Canada, 1952, a copy of order in council P.C. 1955-519, dated April 6, 1955, withdrawing from entrustment to the Canadian National Railway Company the Hillsborough bridge, which forms part of the Prince Edward Island railway.

MARITIME COAL PRODUCTION ASSISTANCE ACT

STATEMENT OF OPERATIONS FOR YEAR ENDED MARCH 31, 1955

Hon. George Prudham (Minister of Mines and Technical Surveys): In accordance with section 9 of the Maritime Coal Production Assistance Act, I have the honour to lay on the table statement of the operations for the year ended March 31, 1955. One new loan was granted during the year.

MINES AND TECHNICAL SURVEYS

AVAILABILITY OF FRENCH EDITION OF MAP OF CANADA

Hon. George Prudham (Minister of Mines and Technical Surveys): I believe some hon. members would be interested to know that a French edition of the map of Canada, on the scale of 100 miles to the inch, is now available for distribution at 50 cents a copy.

QUESTIONS

SALES TAX APPEALS

Mr. Knowles:

1. Is the tariff board authorized to hear appeals against sales prices determined by the Minister of National Revenue as the basis for computation of the sales tax?

2. If not, is consideration being given to the tariff board being granted such authority, or to the setting up of a sales tax appeal board to deal with this and other questions relating to the administration of the sales tax?

Mr. McCann:

1. No.

2. The Minister of Finance is reported on page 2739 of *Hansard,* April 5, 1955, to have indicated in his budget speech on that date that it is proposed to invite a small committee to look into the present statutory provisions with respect to the base on which the tax rate applies and to study this and other technical problems and to make recommendations.

[Mr. Marler.]

C.N.R. LAY-OFFS, ONTARIO

Mr. Howe (Wellington-Huron):

By Ontario districts, how many employees of the car department of the Canadian National Railways have been laid off during (a) the year 1954; (b) the months of January, February and March, 1955?

Mr. Marler: Mr. Speaker, I have spoken to the hon. member and explained to him that the Canadian National Railways do not assemble employment figures by districts, and in consequence it is not possible to answer the question as asked. If the hon. member would care to rephrase his question, the management will give the employment information that is available.

Mr. Speaker: Dropped.

WAR VETERANS ALLOWANCE PAYMENTS, MANITOBA

Mr. Pommer:

1. How many veterans in Manitoba are in receipt of war veterans allowance?

2. Of these, how many receive additional payments under the special assistance fund?

He said: On the advice of the parliamentary assistant to the Minister of Veterans Affairs I should like permission to withdraw this question for rewording.

Mr. Speaker: Withdrawn.

CAMP PETAWAWA SURVEY

Mr. Harkness:

1. Were Beauchemin and Hurter, of Montreal, given a contract to make a survey of Camp Petawawa?

2. If so, when was this work done, what were the terms of the contract and what was the final cost?

3. What was the purpose of the survey and why was it needed?

Mr. Blanchette:

1. Yes.

2. The work was done in 1951 and 1952. The contract provided for:

(1) A control and contour survey of the existing camp and three new areas.

(2) Preparation of a site plan for new camp.

(3) Preparation of record drawings of the existing camp.

(4) Report on water, sewer, storm drainage in existing camp.

(5) Report on the roads of the existing camp.

The cost of survey work was $45,758.20.

3. The original purpose of the survey was to provide the necessary topographical data needed to prepare plans for a new camp to meet mobilization requirements (as indicated in "Canada's Defence Program" (1951-52) at page 14, paragraph 61). The data was actually used as the basis for the preparation of plans

for home station development at Camp Petawawa (as indicated in "Canada's Defence Program" (1954-55) at page 42, paragraph 165). It also provided a model for other surveys, particularly that at Camp Gagetown.

AUTOMOBILES—EXCISE TAX PAID

Mr. Argue:

1. (a) What is the estimated number of new automobiles in the hands of each manufacturing company on April 5, 1955, on which excise tax had been paid?

(b) What is the amount of the tax reduction on these automobiles?

2. (a) What is the estimated number of new automobiles made by each manufacturing company that were in the hands of dealers on April 5, 1955, on which excise tax had been paid?

(b) What is the amount of the tax reduction in each case?

Mr. McCann:

1. (a) Excise tax is not paid on domestic cars in the hands of manufacturers. The tax only becomes payable at the time of delivery to the purchasers thereof. (b) Answered by (a) above.

2. (a) No information. (b) No information.

AUTOMOBILES—EXCISE TAX INCREASE

Mr. Argue:

1. (a) When was the excise tax on automobiles last increased, and by what amount? (b) What was the estimated number of automobiles at that time in the hands of each manufacturing company on which the excise tax at the lower rate had been paid, and what was the value of the automobiles in each case?

2. (a) What was the estimated number of automobiles made by each manufacturing company in the hands of dealers at the time of the increase on which the lower excise tax had been paid? (b) What was the value of the automobiles in each case?

Mr. McCann:

1. (a) April 11, 1951. From 15 to 25 per cent. (b) No information as to the number. The excise tax would not have been paid on domestic automobiles in manufacturers' hands.

2. (a) No information. (b) No information.

QUESTIONS PASSED AS ORDERS FOR RETURNS

INCOME TAX—COURT ORDERS

Mr. Zaplitny:

1. From January 1, 1950 to date, how many court orders has the Department of National Revenue obtained for the payment of income tax, with respect to, (a) individuals; (b) corporations?

2. What was the total amount in tax liability and interests in the case of such, (a) individuals; (b) corporations?

3. In how many cases were seizures of property and/or personal goods made with respect to such, (a) individuals; (b) corporations?

4. With respect to the individuals referred to in questions 1, 2 and 3, how many were, (a) farmers; (b) businessmen; (c) professional men; (d) labourers?

WESTMINSTER HOSPITAL, LONDON, ONT.

Mr. White (Middlesex East):

1. In what year was the psychiatric wing of Westminster hospital, London, completed and opened?

2. What was the contract price of the building exclusive of grounds?

3. To what company was the contract awarded?

4. Were any changes made in the original plans and specifications?

5. If so, what arrangements were made with the contractor as to compensation?

6. What was the cost of these changes?

7. What was the nature of the repairs to the building?

8. What firm or firms have been awarded the contract for repairs?

9. What is the total contract price for the repairs?

10. Was a survey of facilities at Westminster hospital made recently?

11. If so, (a) what are the findings; (b) what plans, if any, are being made for further renovations or new construction?

RADIOACTIVITY DANGER LEVEL

Mr. Cameron (Nanaimo):

1. Has any agency of the government succeeded in determining the level of background radioactivity beyond which there will be danger of genetic mutation in living organisms?

2. If any agency of the government has succeeded in determining this level of danger, has the government transmitted the results of this successful research to the governmental authorities of friendly nations and to the appropriate scientific bodies of those nations?

TEXTILES—GOVERNMENT ORDERS OUTSIDE CANADA

Mr. Cameron (Nanaimo):

1. Were any orders for textile goods placed by the government of Canada outside Canada in the years 1953-54?

2. If so, what was the nature of these orders?

3. What quantity of goods was ordered?

4. What was the total value of these orders?

MOTIONS FOR PAPERS

CANADIAN BROADCASTING CORPORATION ACCOUNTS

Mr. Fulton:

For a copy of all correspondence, memoranda, etc., exchanged between the office of the Auditor General and the Canadian Broadcasting Corporation and/or the Minister of National Revenue, since January 1, 1950, relating to the accounts of the said corporation.

Mr. McCann: Mr. Speaker, this is a rather unusual motion for the production of papers. I say that because the Auditor General informs me that a similar motion for the production of papers was moved by the hon. member for Greenwood (Mr. Macdonnell) on January 28, 1953. The Auditor General states that that was the first time in his experience that correspondence of the Auditor General

had been called for. At that time the Prime Minister (Mr. St. Laurent) stated, as reported on page 1398 of *Hansard*:

> The Auditor General is always available to appear before the public accounts committee when his presence is desired, and it is open to any hon. member to address to him any question he may see fit to put to him directly.

The committee on radio broadcasting is sitting and I suggest that the hon. member for Kamloops (Mr. Fulton) would have the same opportunity as was indicated on that former occasion to go before the committee on radio broadcasting and ask any questions which he might desire to ask with reference to what he has in mind.

The Auditor General is presently in New York at the United Nations where he acts in the capacity of auditor, but he has signified to me his willingness to appear before the committee on radio broadcasting at any time and is prepared to answer any questions or not answer any questions which might be put before him. If that is acceptable to the hon. gentleman I make that suggestion to him; otherwise I shall have to oppose the motion.

Mr. Fulton: Mr. Speaker, the suggestion made by the Minister of National Revenue is one which I do not think I can accept as dealing adequately with the situation. To my mind this is a motion which involves the rights and privileges of every member of parliament. The Auditor General is a servant of parliament. I feel that parliament is entitled to obtain the production of correspondence between the Auditor General and departments or agencies of government.

I would point out that in days gone by it was the practice of the Auditor General to include in his report to parliament copies of correspondence which he had exchanged with various departments and officials of departments. I have in my hand one copy of the Auditor General's report in which a number of letters are reproduced. I do not know when this practice was discontinued, but I do suggest that inasmuch as the Auditor General in some cases in his current report refers to correspondence with government departments, and particularly as in this case in connection with the C.B.C. he has reproduced that correspondence in part, it is perfectly within the rights of parliament, whose servant he is, to ask for the production of the full correspondence in order that we may be in possession of the facts.

The public accounts committee has not been set up for this year. I myself am not a member of the committee on radio broadcasting, and I would not consider it proper to suggest that some other member should cease to be a member of that committee in order that I might pursue this matter there.

I rest my position on the basis that parliament is entitled to the production of full correspondence between the Auditor General, its servant, and any government department or agency.

Mr. St. Laurent: I do not think that anyone would contest the right of parliament to require the Auditor General to produce any correspondence, but inasmuch as the Auditor General in the discharge of his responsibility to parliament prepares a report I suggest that it would not be in the best interests of proper administration to have him feel that any correspondence he had had with departments for the purpose of preparing his report, which it is his responsibility to deliver to parliament, would itself be subject to publication in the house. It seems to me that if we have, and I think we all have, implicit confidence in the manner in which the Auditor General discharges his responsibility as such we should not establish any practice which might hamper him in the methods he adopts to get the information which it is his responsibility to communicate to the house.

I am sure that when he attaches correspondence to his report he does so because he feels that that is proper in the discharge of his responsibility, and when he does not do so it is because in his best judgment he is otherwise giving parliament all the information which his duty requires him to divulge. I do not think it is a matter of the right of this house to insist that correspondence be produced. The house should determine in the proper exercise of its discretion whether it will make that a feature of the duties of the Auditor General or whether it will continue to leave it to him to discharge, in the light of his oath of office, the responsibility he has to parliament whose appointee he is.

Perhaps the motion could be allowed to stand while the hon. gentleman conferred with the Auditor General, as I know we all do at times. I think we are all agreed that we would have the right to make an order, but what we have in mind is whether it is desirable that this order be made or not.

Mr. Diefenbaker: Would the Prime Minister state whether the Auditor General has indicated to him that he does not desire to produce the correspondence which he had in the course of his investigation or examination?

Mr. St. Laurent: I have not been in touch with the Auditor General this time. I was in touch with him in 1953 and to my knowledge that was the first time this matter arose.

The conclusion was reached that we would have the right to compel him to produce correspondence but it would not be desirable to do so, and there was the fact that he was available to be heard before the committee to explain the situation.

I know that there is correspondence, which constitutes one of the ways taken by the Auditor General to secure the information. I would not like to have this house decide that it did not have the right to compel any of its appointees to produce anything that is in his possession as such appointee, but I would also like to have the Auditor General feel that there was no reflection upon the way in which he was discharging his responsibilities in any motion that was adopted here. I think that, if we were to allow it to stand, a solution might be reached that would respect in every way the rights of this house as one of the branches of parliament and would also avoid doing anything that might interfere with the regular discharge of the Auditor General's responsibilities.

Mr. Fulton: Mr. Speaker may I say with respect that I think the suggestion of the Prime Minister is reasonable under the circumstances.

I should however say that I myself have not received any communication from the Auditor General indicating that he would have any reluctance to produce the correspondence in question. Apparently the Minister of National Revenue has had some communication either with or from the Auditor General, but I have not. I would have thought that if there was actual objection that objection would have been communicated to me. In the absence of such communication I would be surprised to find that there was objection.

However, I think the request of the Prime Minister is certainly reasonable under the circumstances, and I would be agreeable to having the motion stand for the purpose of such communication as may be deemed appropriate with or from the Auditor General.

Mr. Macdonnell: May I ask a question of the Prime Minister in this connection? Could the Prime Minister explain the change which, I understand, has taken place, whereby the correspondence which used to be included by the Auditor General is not now included?

Mr. St. Laurent: My understanding, Mr. Speaker, is that the correspondence was not usually included. There were at times included parts of the correspondence exchanged with departments that the Auditor General felt would be explanatory of the report he was making, but there are frequent exchanges of notes which are merely initialled for the purpose of obtaining explanation about matters upon which the Auditor General feels he should report. No one could object to attaching to his report any correspondence that he felt was of a nature that would further explain the report. It is only to leave with the Auditor General a certain measure of discretion in the manner in which he feels he is properly discharging his responsibilities to parliament.

Mr. Speaker: Shall the motion stand?

Mr. McCann: Mr. Speaker, in fairness to the Auditor General, and in answer to the question by the hon. member for Kamloops, I must say that he raised no objection whatever. I have had absolutely no communication or correspondence with him, and, in talking the matter over with the officials of his department, he indicated that he was busy in New York and would not be back for some time. He indicated to his officials the stand which I have stated here, that he would be prepared to come before the committee on radio broadcasting and answer any questions that might be put forth. The hon. member, although he is not a member of the committee on radio broadcasting, could within his rights as a member of parliament appear there or be substituted for some member who is presently a member of the committee.

Mr. Speaker: Shall the motion stand? Stand.

DEPARTMENT OF NATIONAL DEFENCE ACCOUNTS

Mr. Fulton:

For a copy of all correspondence, memoranda, etc., exchanged between the office of the Auditor General and the Department of National Defence or the minister or any official of the said department, since January 1, 1950, relating to the accounts of the said department.

He said: I assume, Mr. Speaker, that under the circumstances this motion could stand too, although I do not know whether it could be dealt with under the same arrangement as just suggested by the Minister of National Revenue, because there is no committee on national defence. Let it stand for the time being.

Mr. Speaker: Motion stands.

BALLANTYNE PIER, VANCOUVER—ELEVATOR

Mr. Diefenbaker:

For a copy of all correspondence exchanged between any department of government and Kerr, Gifford and Company, since the 1st day of January,

1953, in connection with the elevator at the Ballantyne pier at Vancouver, together with correspondence from any elevator companies containing offers or negotiations for the rental or leasing of the said elevator.

Mr. Marler: I have no objection to the adoption of the motion, but I would suggest that it be amended to include the national harbours board, as I understand that otherwise no correspondence would be produced on the motion. I would therefore suggest that the motion be changed by adding "between any department of government or the national harbours board". We have no objection to the adoption of the motion.

Mr. Diefenbaker: I thank my hon. friend, and I would appreciate having that amendment placed before the house.

Mr. Speaker: Shall the motion carry as amended?

Some hon. Members: Agreed.

EAST BURNABY, B.C. POSTAL STATUS

Mr. Goode:

For a copy of all petitions and letters exchanged from June 1, 1954 to date, between the deputy postmaster general and any persons, protesting the changes in postal status of East Burnaby (Burnaby 3), British Columbia.

Mr. Kirk (Shelburne-Yarmouth-Clare): I have just spoken to the hon. member and he has agreed to amend the wording as follows "between the Postmaster General, the deputy postmaster general and other officials of the Post Office Department and any persons" and so on.

Mr. Speaker: Shall the motion carry as amended?

Some hon. Members: Agreed.

COAL

REPORTED CLOSING OF NOVA SCOTIA MINE

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, may I be permitted to direct a question to the Minister of Mines and Technical Surveys? My question arises out of a telegram received from the president of district 26 of the united mine workers, Nova Scotia, and also out of a statement which appeared in the Halifax *Chronicle-Herald* on the 23rd of this month. Can the minister inform the house as to what plan he had to prevent the closing of No. 1-B colliery at Glace Bay, Nova Scotia, to whom this plan was outlined, and what steps were taken to provide consultation between the union, the company and the provincial government of Nova Scotia?

[Mr. Diefenbaker.]

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I wish to thank my hon. friend for giving me short notice of his intention to ask this question. Some two years ago the officials of the district and local branch of the union, together with representatives of the provincial government of Nova Scotia and the Dominion Coal Company, met in my office to discuss the problems of No. 1-B colliery. At that time the colliery was facing a temporary shutdown in order that the company could carry out certain mechanization. The whole problem was very thoroughly discussed at that time and it was established that the real problem was the high cost of production. The difficulties at 1-B colliery have been known to both the union and the company for at least two years. My information is that the cost of production per ton of coal in that colliery is at least $2 above the average in the district. The problem of reducing costs so that the coal can be sold competitively is a problem that only the company and the union can solve. Although, as I have said, this is a matter between the company and the union, my recent efforts have been to find out if everything possible is being done to reduce the cost of production in that colliery.

Mr. Gillis: Mr. Speaker, may I ask a supplementary question? The minister is quite correct in saying that it is not a new situation. The mine did close at that time and was reopened. Is the story in the *Herald* on the 23rd correct, that you had a plan to keep that mine in operation at the present time and that you had talked about it with someone from Nova Scotia who you anticipated would organize your plan in that province at that time?

Mr. Prudham: Mr. Speaker, I have not read the story in the *Herald*. As I have said, I have been endeavouring to get all parties concerned together in a co-operative effort to solve the cost problem in that colliery.

Mr. Gillis: The story in the *Herald* carries your picture. You should have a look at it.

[*Later:*]

ESTIMATED AMOUNT TO BE SHIPPED FROM NOVA SCOTIA TO CENTRAL CANADA

On the orders of the day:

Mr. W. M. Buchanan (Cape Breton North and Victoria): I should like to direct a question to the Minister of Mines and Technical Surveys. Is the minister in a position to give the house any information on the volume of coal likely to be shipped from Nova Scotia

to central Canadian points now that the St. Lawrence river is open to navigation?

Hon. George Prudham (Minister of Mines and Technical Surveys): At this time of the year the companies desiring to ship coal up the St. Lawrence river under freight subvention usually ask for acceptance by the dominion coal board for that purpose. I have been told by the coal board that acceptances this year are well over two million tons but somewhat less than for the same period last year. However, acceptances asked for this year are considerably higher than the actual tonnages shipped last year.

GRAIN

REQUEST FOR DATE OF FINAL PAYMENT ON 1953-54 POOL

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Acting Minister of Trade and Commerce. Has any decision been made by the wheat board yet as to when the final payment for wheat of the 1953-54 crop will be made. Will the minister bring to the attention of the board the necessity of the early expediting of this payment to the end that it might be of assistance in the seeding operations of western farmers?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): I thank the hon. member for giving me notice of his question. At the same time I have received a similar one from the hon. member for Assiniboia (Mr. Argue):

> Is the inventory cut-off for the 1953 wheat crop now being made? Can the minister say how soon after the cut-off the wheat board will begin making the final payment so that the wheat producers' critical financial position can be improved?

The answer is that the wheat board has issued instructions to its agents to report as at the close of business on April 29, 1955, on stocks of wheat in their hands in order that accrued charges may be calculated.

This marshalling of information is, of course, essential to the closing of the pool and will make possible an earlier date for the commencement of payment than would be possible if the board had waited until the actual cut-off date to issue its instructions to its agents.

It will take the wheat board approximately two to three weeks to prepare and audit their accounts with respect to the 1953-54 wheat pool. As soon as the amount of the final payment is established, steps will be taken at once to distribute the cheques to the producers.

[*Later:*]

SUGGESTED REMOVAL OF EMBARGO ON EXPORT OF SELKIRK WHEAT

On the orders of the day:

Mr. W. A. Pommer (Lisgar): I should like to direct a question to the Minister of Agriculture. I did not send him notice. Has his department given any consideration to removing the embargo on the export of Selkirk wheat at this late date in April?

Right Hon. J. G. Gardiner (Minister of Agriculture): Yes; consideration has been given, and we have advised that the export of Selkirk wheat should not be allowed at this time.

NATIONAL DEFENCE

CANADIAN FORCES IN KOREA—CONTINUING COMMITMENT

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I ask the Minister of National Defence whether any decision has yet been reached as to the future of the Canadian forces in Korea, and if he is in a position to give the house any information as to the continuing commitment accepted by Canada in that regard. If he is not able to do so, perhaps the Secretary of State for External Affairs (Mr. Pearson) might be able to give us some information.

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, I hope to be able to make a statement on the matter within the next few days.

Mr. Fulton: As a supplementary question I should like to ask whether the second battalion of the Black Watch, I think it is, are still standing by at their camp in the maritimes?

Mr. Campney: Yes.

EXTERNAL AFFAIRS

CHINA-UNITED STATES—REFERENCE TO PROPOSAL OF CHOU EN-LAI

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. Has the minister any statement to make to the house concerning Chou En-lai's proposal for direct negotiations between China and

the United States, and has he any statement to make on reactions over the week end to this proposal?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I do not think there is anything I can usefully say, on the orders of the day, on a matter of such great importance. On the general question, I think I said all I could say in our external affairs debate which ended last Thursday.

DOMINION-PROVINCIAL CONFERENCE

UNEMPLOYMENT—SUGGESTED REPRESENTATION OF LABOUR

On the orders of the day:

Mr. J. W. Noseworthy (York South): Mr. Speaker, may I direct a question to the Prime Minister. Is the Prime Minister now in a position to tell the house whether the subject of unemployment will be discussed at his conference with the provincial premiers meeting this week? If so, will organized labour have an opportunity of sending any representatives to that conference?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, this is not a conference with organized labour. It is a conference with the heads of provincial governments. As to the first part of the question, may I say that it is my intention to suggest that relief for needy persons, whether employable or unemployable, be discussed at this meeting with the provincial premiers.

Mr. Argue: How about work for them?

Mr. St. Laurent: If the hon. member has any job available, I shall be glad to note it and to bring it to the attention of the provincial premiers.

Mr. Argue: What about the other 600,000?

Mr. Fulton: The opposition is always ready to accept its responsibility. What about the government?

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a supplementary question to the Prime Minister with regard to the responsibility for unemployed employables. What attitude is the Prime Minister going to take at the conference—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: —as to the liability of the federal authority for these people, which was accepted in 1945?

Mr. St. Laurent: Mr. Speaker, there was no liability accepted in 1941 or in 1945. There was a proposal made in 1945 which was not accepted—

An hon. Member: By whom?

[Mr. Knowles.]

Mr. St. Laurent: Not accepted by the provincial ministers who were present at that conference.

Mr. Argue: Only one.

Mr. St. Laurent: It was not accepted by the provincial ministers at that conference.

An hon. Member: How many?

Mr. St. Laurent: There were nine provinces then and there were nine provincial premiers.

An hon. Member: He would not know that.

Mr. St. Laurent: The proposal was one that was made as an over-all proposal to all the provincial governments, and it was not accepted. I think as Canadians we all recognize that it would be unfortunate if there continued to be uncertainty about whom needy persons should apply to for assistance when required.

Mr. Diefenbaker: That is the reason I asked the question.

Mr. St. Laurent: It is not so much a question of constitutional responsibility. Although we still maintain that the residual constitutional responsibility for those in need who are not covered by unemployment insurance is that of the provinces and their agencies, nevertheless I think as a Canadian that there should be some solution to this problem. I think as a Canadian that it is a problem that has to be administered by the local authorities and that people in need should not be directed from one place to another and thence to another.

Some hon. Members: Hear, hear.

Mr. St. Laurent: There should be one authority that would deal with them, and the burden involved in dealing with them is something that should be borne as it is borne, no matter through whose hands it passes, by the Canadian taxpayers, it being a burden that falls upon the public. That has been the case. I think it is impracticable to try to differentiate between needy persons who are in need because they cannot do work and those who are in need because they cannot find work and are not covered by unemployment insurance. That is a matter of degree and opinion which, if it remains, will not remove the uncertainly as to one authority saying that a person is employable and the other authority saying that the same person is not employable and therefore should be dealt with by somebody else.

I hope we can face this situation as a humanitarian problem that concerns all of us as Canadian citizens and work out some

arrangement whereby the needy will be dealt with by one authority and the burden of having done so will then be borne in a manner that will provide for efficient and provident administration.

Mr. Fulton: I should like to ask the Prime Minister whether, in view of his interesting and informative statement, he does not agree it is a pity that this government waited for nine years—

Some hon. Members: Oh, oh.

Mr. Fulton:—before reconvening the conference to deal with the problem?

Mr. St. Laurent: I hope from now on that question will be dealt with by us as Canadians and not as Canadians belonging to any particular party.

Some hon. Members: Hear, hear.

Mr. Fulton: Mr. Speaker—

Some hon. Members: Order.

Mr. Fulton:—so do I, but I think it is a pity it took the Prime Minister nine years to reach that decision.

Mr. Diefenbaker: What did the Prime Minister mean by his last statement? What is the inference?

Mr. St. Laurent: The inference is that this matter should not be a political football and that, so long as it is a political football and we do not approach it as good Canadian citizens feeling for the needs of our fellow Canadians who may be in need, I do not think it is as apt to be considered on its real merits.

Some hon. Members: Hear, hear.

Mr. Fulton: You are nine years late in finding that out.

An hon. Member: Stop kicking it around.

POLIOMYELITIS

REQUEST FOR REMOVAL OF SALES TAX ON SALK VACCINE

On the orders of the day:

Mr. John B. Hamilton (York West): I should like to direct a question to the Minister of National Revenue. Is the minister aware that Salk polio vaccine is being sold to the public, and has the government now made a decision as to the removal of sales tax on such purchases?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I am aware of what the hon. member for York West has said with reference to the private sale of vaccine. The government has made a decision that there will be no sales tax on polio vaccine. I just want to say a word or two in connection with this matter.

When the hon. member asked his question last Thursday, he had not given me notice of it at all. I told him that the matter was already under consideration by the government. The difficulty was as to how you are going to do these things. It could be done in two ways, either by remission of the tax or by a statutory change under the budget regulations whereby it would be put upon the free list. At that time the decision was not made. In this connection I might say that I was subjected to what I thought was a little bit of unfair criticism by the Toronto *Globe and Mail* when it said that there never should have been any delay. The delay was not about policy but rather about the method of accomplishing the desired result.

Mr. Hamilton (York West): As a supplementary question, may I ask whether notice has gone out to the interested parties that this tax has been removed?

Mr. McCann: Not yet; but it will be generally known shortly.

IMMIGRATION

UNDESIRABLE ALIENS—INQUIRY AS TO ARREST AND DEPORTATION

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): I should like to ask a question of the Minister of Citizenship and Immigration. Has the minister issued warrants for the arrest of any of those originally named by me on April 6 as undesirable aliens subject to deportation from Canada?

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): I do not think there is any question of issuing warrants for arrest. One of the persons who was mentioned by the hon. member on Friday has been detained and has been ordered deported.

LABOUR CONDITIONS

UNEMPLOYMENT INSURANCE—REQUEST FOR EXTENSION OF SUPPLEMENTARY BENEFITS TO MAY 31

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour? Can the minister say whether he has replied to the request of the Canadian Congress of Labour in a letter a couple of days ago asking for legislation to extend supplementary unemployment insurance benefits to May 31? If so, what reply did the minister give?

Hon. Milton F. Gregg (Minister of Labour): I have received the request referred to by my hon. friend but I have no reply to make other than that which I made immediately before the Easter recess, namely, that this whole matter had received the most exhaustive study not only by the commission but by the government and it had been decided to maintain the limiting dates from January 1 to April 15.

FOREIGN AIRCRAFT

THIRD PARTY DAMAGE—PROVISION TO IMPLEMENT CONVENTION

Hon. George C. Marler (Minister of Transport) moved the third reading of Bill No. 263, to implement the convention on damage caused by foreign aircraft to third parties on the surface.

Mr. John B. Hamilton (York West): Mr. Speaker, I think I might take a few moments to say that, although it has been indicated to us by the minister we are left in the position of having to accept this legislation and the schedule contained therein in full, it should at least be remarked in passing that there are some serious shortcomings in the legislation. I make that statement notwithstanding the fact the legislation is of a type sorely needed so far as the regulation of air traffic is concerned. I will be brief and will refer to individual points which I think show that in the over-all picture sufficient consideration has not been given to the various items that have been covered.

In the first instance, because of the mechanical requirements set up covering security which must be complied with by the various contracting parties, in order to cover, by insurance or otherwise, damage claims which may arise, we find that we have placed ourselves in the position that a virtual embargo may be placed upon the entry of our aircraft into another country at the whim or fancy of that foreign country. I say that because it appears that the type of security which may be offered may be rejected by any contracting party, and although arbitration is provided in some instances, it would still be possible for that contracting party to refuse admittance to our aircraft. In that respect, I would say that this condition is the same condition as has arisen in connection with some of our trade policies where we bound ourselves under agreements, and at the same time allowed some discretionary power to one of the contracting parties to admit or refuse our goods as they saw fit. In connection with that point, I may say that these provisions are set out in chapter III of the schedule to the agreement.

[Mr. Knowles.]

The second point with which I should like to deal is found in chapter II of the schedule, where we find that the compensation to be paid is tied to the French gold franc. I must say that before the minister explained the meaning of tying the compensation to the French gold franc, I had serious misgivings as to just what compensation parties in Canada might obtain under a valuation of that kind. But even with the explanation which has been given, and even with the tie-up to the French gold franc, we are still left to obtain our compensation on the basis of the amount which may be paid from time to time by the United States for one ounce of gold. Even using that type of valuation, there is nothing to ensure that in the future the number of francs which are provided to cover compensation to an injured party might not be entirely inadequate.

The third point to which I shall refer is that there is no protection afforded to parties on the ground injured as a result of accidents which occur in the use of the aircraft prior to the actual application of power for the takeoff or subsequent to the removal of power upon landing the aircraft on the runway. There is no coverage whatever in those two individual cases, from the time the aircraft touches down until it is at rest at the airport with its engine shut off, nor do we have coverage from the time the aircraft is warmed up on the tarmac and is removed to the runway for full power to be applied for the takeoff. Those provisions are contained in chapter I of the schedule. It seems to me we have been remiss in not obtaining complete coverage for people on the ground from the actual time the ignition switch is turned on in the aircraft until it is turned off after the passengers have alighted.

The fourth point is that, upon examination, we have found there is a continuing liability on the owner of the aircraft for a period of time after the complete legal disposal of title to the aircraft itself. I think perhaps in connection with this point there was the intention to provide the same type of continuing insurance coverage for injured parties as we have now provided in a number of public liability and property damage policies covering the use of automobiles. However, I feel that this provision may present a real obstacle in so far as our own airlines are concerned. As an example, in connection with Trans-Canada Air Lines re-equipment program, there may be disposal of numerous aircraft to foreign countries and we may find our government-owned airline bearing a continuing responsibility notwithstanding the removal of any legal title to the aircraft in question. These provisions are contained in chapter I of the schedule.

My fifth point concerns the question of the procedure used in obtaining execution of judgments which may be obtained in connection with this legislation. The minister has been fair in pointing out that no greater rights are obtained through this legislation than have been available to any private party heretofore in attempting to obtain execution of a judgment in a foreign country. I feel that should have been one of the main reasons for drafting this type of legislation, to ensure that in the execution of a judgment for a valid damage claim no particular impediment might be placed by the country in whose territory the assets or insurance fund lies. These provisions are contained in chapter IV of the schedule. Execution of the judgment may be refused if the judgment concerned is contrary to the public policy of the state in which execution is requested. What public policy may be in any number of South American countries, I would not know. There might be a complete inability to issue execution and obtain repayment of any damage claims.

My sixth point is that there has been a very feeble effort in chapter II of the schedule to provide some type of preference for persons who have personal injury claims. The fund has been divided into two parts, for personal injuries and for property damage. There is a residual clause that if money is available after property damage has been completely paid, that money will go into the personal injury fund. At the same time, that does not definitely cover the situation. I feel there will be numerous claims where personal injuries have been suffered and, because of the division of the insurance fund, the person who has been injured may end up by getting a payment of 10 cents on the dollar whereas someone who has suffered property damage only may receive 100 cents on the dollar.

My seventh point is the usual one. Again we are being asked to agree to proposals which have been contributed mainly by representatives of the United States. As usual, too, we are being asked to ratify the agreement before that country ratifies it. Again the minister has been very fair and has stated that only a small percentage of the actual flights over Canadian territory as of this date are going to be covered by this agreement. Until such time as the United States does formally accept this agreement, then the coverage that will be available to Canadians will be restricted to a great extent. I believe it is the responsibility of the government, in presenting legislation of this type, to see that we are not being presented with the hollow shell of an agreement which reads well but does not afford the protection it is intended to afford.

Finally, I may say that, on questioning in the special committee on transport, the president of the Trans-Canada Air Lines indicated satisfaction with this agreement but I was very surprised to know that this agreement was negotiated entirely without the benefit of the advice of counsel of our two major operating international airlines. It seems to me that if we are to go out in the future under the guise of obtaining some beneficial result for the Canadian public, giving them protection, which undoubtedly is the chief requisite of this agreement, in view of the thousands and thousands of dollars that are spent on delegations of this kind, we should expect that they would seek, and be glad to seek, the counsel of those airlines in our country that are having to deal with these problems day by day.

If we cannot do better than this in the future, we should call on such advice or it would be better for us to stay at home.

Hon. George C. Marler (Minister of Transport): Mr. Speaker—

Mr. Speaker: If the minister speaks now he will close the debate.

Mr. Marler: I certainly do not wish to prolong the debate on this measure unduly, but if I may judge from the remarks of the hon. member who has just taken his seat, he seems to fail to appreciate that there are manifest advantages in relieving persons on the surface who suffer damage from the necessity of establishing negligence. I take it that the price of not having to prove negligence is the limitation of liability for which the convention provides. As I said in the debate on second reading, I do not think anybody would suggest that this is a perfect convention from every point of view. Particularly, it might be considered that it represents an agreement reached after discussion between some 32 nations in 1952, and that in consequence it is the result of compromise on the part of those who participated in the discussion. I have no doubt it was the best agreement that could then be made.

The hon. member also referred to the fact that the compensation was expressed in gold francs, and complained that if there were a fluctuation in the price of gold, there would thereupon be a fluctuation in the limitation of the liability. Well, that may be a perfectly valid criticism, but it would have been more valid if the hon. member had indicated some means by which the amount of the compensation could have been fixed by some standard other than that which is provided for in the convention. It ties it to the gold franc consisting of 65 grains of gold of fineness 900.

The hon. member then went on, in expressing two or three criticisms of the convention, to complain that it did not provide for the situation where damage occurred before takeoff or after landing. I find that a little contradictory because, after criticizing the convention, he went on to regret that it did not apply for a longer period than that for which it is to apply. In effect, Mr. Speaker, I think the hon. member has failed to appreciate the fact that before takeoff and after takeoff there is no limitation on liability whatsoever. The convention does not protect the operator who causes damage to the person on the surface in these circumstances.

Mr. Hamilton (York West): May I ask a question?

Mr. Marler: Yes.

Mr. Hamilton (York West): Of course he does not have any security either, does he, under the circumstances?

Mr. Marler: Well, I suppose that would depend on whether you considered the airplane itself as something having value or not. If, as is usually the case, and I should like to touch on that in reply to another comment of the hon. member, one bears in mind that these foreign aircraft do come into Canada and that there is therefore the process of executing judgment against planes belonging to the operator who has incurred a liability, it would be wrong to say that there was no security. The insurance security might not be so easily attainable, but the fact would remain that the plane would be there. It could be there, and the judgment could be executed, provided the plane was within the jurisdiction of the court which granted the judgment.

With respect to the question of the continuing liability on the owner if he dispossessed himself of the aircraft, perhaps if the hon. member had been the only person who had anything to say in making the convention it would not have contained the clause which it does contain; but, as I said earlier, this is the result of international negotiations between 32 countries, and I do not think we should condemn the convention solely on the ground of this fact of continuing liability.

The hon. member spoke also of the question of the execution of the judgment. I think it is fair to say that the provisions of the convention reproduce in substance what I would assume to be the general provisions of law in any jurisdiction with regard to the execution of the judgments of some foreign court. I do not think there is anything repugnant in the provisions and I think the hon. member, if he were advising a Canadian airline, would be rather glad, when he was defending it against the execution of a judgment rendered in some foreign court, if, under the convention, he could invoke the grounds of defence which are mentioned in the convention itself. Certainly, I would feel much happier if I were in the position of defending one of our airlines from such a judgment if I felt I could oppose execution on the grounds set forth in the convention.

As I said earlier, so far as execution of a Canadian judgment is concerned, the house should not overlook the fact that there is always the possibility of executing against an aircraft when it touches down in Canada, not necessarily immediately but on some future occasion.

The hon. member also spoke of what he described as a feeble effort to protect or to give priority to personal claims. I am sorry that he does not seem yet to understand the provisions of the convention. When we were discussing this matter in committee the other night I tried to show him by giving him a hypothetical example of the division of the proceeds of the insurance that when the proceeds were less than the total amount of the claims those who had claims for personal injury had a priority over those who had claims for property damage.

Mr. Hamilton (York West): I had better examples.

Mr. Marler: Well, all I can say is that though the hon. member may have better examples, he cannot find an example anywhere where the property claims would be paid in full without a very substantial proportion at least being paid to those who have claims for bodily injury. At all events, I do not think the convention can stand or fall on this point. On reading the convention one can see that there is no doubt whatever that there is a definite effort, not a feeble effort, as the hon. member said, to give a species of priority to those who have claims for bodily injury.

In conclusion, the hon. member said that the United States of America had not ratified this convention. He referred to the fact that only a relatively small number of flights over Canada were by foreign aircraft. Of course I think that is true. If there is a smaller number of flights there is a decreased possibility of foreign aircraft causing damage to persons on the surface.

I think the convention is a workable document and one which ought to be ratified by

parliament. I would add that both the Trans-Canada Air Lines and Canadian Pacific Air Lines have approved the signing of the convention by Canada and I think it will be in the interests of Canadian aviation to have this convention ratified.

Mr. Hamilton (York West): I wonder if the minister would consider one example. Take a building in which there were twenty people and this is destroyed by foreign aircraft. A total of $100,000 in insurance is involved. Each of the twenty people may put in a claim for $10,000, which would total $200,000. The property damage may amount to $50,000.

If I understand the working of the formula correctly, the fund would be divided into two, $50,000 for personal injuries and $50,000 for property damage. Under those circumstances the twenty people each with a claim of $10,000 would receive only a small proportion of their total claims, whereas the property damage would be paid for in full.

Mr. Marler: I have been trying to follow the hon. member as he went along. I shall give him the figures and he can go back and check them afterward. In the case which he has just given the claims for personal injury would be $200,000 and the claim for property damage would be $50,000. The indemnity under the convention is divided into two parts so that $50,000 would be immediately attributable to the claims for bodily injury. There would then be a balance of $150,000 in claims for bodily injuries which were unsatisfied. Those claims to the extent of $150,000 would divide with the claim for property damage amounting to $50,000 the other half of the indemnity, so that the property damage claim would receive $12,500 while the claims for bodily injury would receive $87,500.

Mr. Hamilton (York West): I think—

Mr. Speaker: I am enjoying the examples which are being given in order to illustrate certain phases of this convention but I must remind hon. members that we are considering the third reading of a bill and the minister has closed the debate.

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

NATIONAL PARKS ACT

AMENDMENTS WITHDRAWING LANDS, CREATING NEW PARKS, ETC.

The house resumed, from Thursday, April 21, consideration in committee of Bill No. 261, to amend the National Parks Act, and to establish a national park in the province of Newfoundland—Mr. Lesage—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Use of water.*

Mr. Johnston (Bow River): The first part of this bill deals with the use of water in national parks and if it is the wish of the minister to have that first section passed I would agree, but I do want to discuss parks generally when we come to subclause 3. Otherwise I can go ahead now and say what I have to say about the hospitalization plan at Banff.

Mr. Lesage: I do not know what kind of general discussion on national parks the hon. member wishes to have, but I suppose that any discussion on the administration of parks relating to matters in connection with which there are no amendments would be out of order and should be dealt with when the estimates of the department are being considered. I believe what the hon. member desires to discuss is the general situation with regard to the hospitalization plan. That would come under subclause 3. Perhaps hon. members woud agree that we consider this clause by subclauses.

Mr. Johnston (Bow River): Perhaps the minister would rather that I waited until subclause 3 is before us.

Mr. Lesage: Would it be agreeable to discuss this clause by subclauses?

The Chairman: Is it agreed that for the purposes of discussion we call the subclauses separately?

Some hon. Members: Agreed.

On subclause 1.

Mr. Harkness: What particular parks is this designed to cover? I presume there are certain parks to which it would apply and certain parks to which it would not apply.

Mr. Lesage: This would apply to all parks, but if my memory serves me right the question was raised last year in connection with Kootenay park.

Mr. Harkness: In other words, this is a provision to permit certain water to be sold to an area just on the edge of Kootenay park?

Mr. Lesage: The situation may arise where we wish to sell water outside a park, which situation I believe is covered by clause 1 (4). Subclause 1 is really for clarification purposes in connection with the supplying of water within a park.

Subclause agreed to.

Subclause 2 agreed to.

National Parks Act

On subclause 3—*Hospital services.*

Mr. Johnston (Bow River): This subclause deals with a matter of great importance to the people in my constituency, particularly those who live at Banff. I realize that this legislation will apply to all national parks and will cover Jasper as well as people who live at Banff. May I say first that I appreciate the minister bringing forward this legislation at this time as it is something the people of Banff have been working on for some considerable time.

Both the hon. member for Acadia and I have discussed this with the minister and the departmental officials in Ottawa on a number of occasions during the past year or so and we are pleased to know that the minister is now bringing down legislation which will make available to the people of Banff the general hospitalization plan which is in effect in Alberta. So that hon. members of the committee may know what we are talking about in a little more detail, may I tell them something about the plan which is proposed for Banff. I should like to quote what Mr. Lee Leavitt, the M.L.A. for Banff had to say about this, as reported in the Banff *Crag and Canyon*. Referring to the $1 per day, it says:

> Each patient under this plan pays one dollar for each hospital day. The local hospital district and the provincial government share the remaining cost for the standard ward care on a 50-50 basis.

Then it goes on:

> Then there is a separate contract which covers extras, which may be negotiated only if the dollar per day plan is in force. But such agreement is optional. After 25 per cent of the daily set cost of these extras is paid by the patient, the remaining cost is shared again on a 50-50 basis by hospital district and the provincial government.
>
> Proposed new legislation which will be brought before the house—

Meaning the provincial legislature.

> —this session, will make some changes to these present arrangements. In short, it means that, providing a hospital district will also negotiate an agreement covering special services or extras, the cost of both agreements, as described, will be shared by the provincial government on a 40-60 basis. With the government paying the 60 per cent there will be little difference in costs between the alternative plans. The cost of the dollar per day contract, without extras covered, will continue to be shared on a 50-50 basis. The additional contribution by the provincial government will, I am sure, stimulate interest in this hospitalization plan.

Now, Mr. Chairman, you will see that this hospitalization plan is one of the most progressive of the hospitalization plans in all of Canada. Therefore the people of Banff are rightly concerned in their desire to have the federal government amend the parks legislation so that they will be able to share under this plan. It is going to affect every one of the citizens of Banff who are taxpayers, and provision is made also for those who are non-resident if they take out a separate contract with the district and the government to share in this plan. Speaking from memory, I think that the cost of this plan is $8 per individual, or $15 per family a year, giving them access to all these services. But the people of Banff themselves feel that they have the right to share in these hospital benefits in the same way as any other person in Alberta. Of course I think that it is only right and proper that they should have it. Again I say that I am glad that the government has seen fit to come to the same conclusion.

The provincial law which exists now makes the province's share payable to the municipal authorities, and the municipal authorities must collect their own share of that revenue; but there is no municipal authority in Banff. Therefore Bill No. 261, which we are presently discussing, is to make Banff parks an eligible area under the provincial law. Alberta is amending its hospitals act to permit park contributions to be levied and collected from the Banff citizens by the parks superintendent or other person or authority appointed by the government authorities here. I want to make it clear that the amendments in the province of Alberta are making it possible for these collections to be made either by the park superintendent or by some other authority named by the government. I think that is quite clearly borne out by what the minister said the other day in the house. On page 2146 of *Hansard* he had this to say:

> Hence the provincial laws are going to be amended to say that in the parks the contributions can be levied from the population by the parks superintendents or persons authorized by the park authorities. Our bill is to authorize the government, through the park superintendent—

May I just point out, Mr. Chairman, at that point that, as far as I can read the bill, it does not authorize the park superintendent only to make the collections.

I am pointing that out to you now because I wish to speak about that further a little later on. The bill, as I understand it, makes it possible for the park superintendent or other authority to make the collections.

> Our bill is to authorize the government, through the park superintendent, to receive these contributions paid by people for these hospital schemes which would be established. They could be so established only after a referendum has been taken, according to the provincial acts, in the parks or in the townsites, I am not sure which at this time. It will be easier to follow when I have the bill.

I just bring that to your attention for the purpose which I indicated, Mr. Chairman.

The people of Banff are desirous of having this tax collected by some other authority rather than the park superintendent. Their view—and I shall give it to you categorically in a moment—is generally speaking that, if the park superintendent is one who is going to collect these fees, then of necessity he will be guided, and must be so, by the park regulations, and the people of Banff through their advisory council are of the opinion that they do not relish being under the park regulations, for reasons which I shall give. They do suggest, though, that this collection could be made by the advisory council itself, which is the body chosen by the people in Banff to represent their interests, or it could be collected by the provisional board of the hospital district which is being set up in the Banff area. In that way they contend that it would be more fairly levied and more fairly collected and greater satisfaction would come about all the way through.

I said, Mr. Chairman, that I was going to tell you exactly why the Banff people did not want this under the regulations. This may come somewhat as a surprise to the minister, but I think he will agree with me when he hears my argument that the people of Banff are quite right in what they say. Now, I am reading from a letter dated March 14 from the advisory council. Mr. Shaw is the chairman of the advisory council, and the secretary is Mr. R. E. Edwards, both living in Banff. It says in part—

Mr. Lesage: May I ask the hon. member to whom the letter is addressed?

Mr. Johnston (Bow River): The letter is addressed to me. He says if the government carries through this present plan—

Those words are my own, and I am beginning to quote from here on.

—apparently this would mean the inclusion of the hospital plan in the parks regulations and this is very definitely opposed by the council. The chief reasons for this opposition are (a) The very unsatisfactory administration of the health and welfare tax and the almost certainty that the hospital tax would be administered in a similar manner. (b) The inclusion of the hospital plan in the parks regulations would render it subject to the same unjust penalties that are incorporated in the welfare tax. (c) The fact that the collection and administration of the hospital tax could be done at least as efficiently, and probably at less cost to the ratepayers, than if handled by the federal government.

They have further explained their views in their letter dated March 24 addressed to me and signed by the secretary. You will understand that they are explaining why they would rather not have the collection under the park regulations. They say:

Non-compliance with any park regulation is liable to a penalty of a fine not exceeding $500, or imprisonment for not more than six months, and as the welfare tax is part of the park regulations the section quoted becomes applicable. In cases where a resident has become delinquent in the payment of the welfare tax, it has been the practice of the department to summon him in the police court with the result that he is fined—

And this is the unjust part of it.

—both for non-compliance with a regulation and also the amount of the tax. The section dealing with distraint of goods is not invoked, but the delinquent is really treated as if he were a criminal and in addition he is actually punished twice, which is certainly unjust.

Just in case there should be some question as to whether or not that is the actual law, may I just refer to the regulations; and may I say to you that, when I studied these regulations, I was astonished to find the severity with which this matter can be handled. It refers not only to a delinquent in respect of the payment of a welfare tax, or rather not only would it refer to a delinquent in the payment of his hospital tax, but to anyone who violates any part of the act or any regulation whatsoever, no matter how trivial. Just listen to some of these provisions. I thought I was reading something from the medieval ages when I went over this thing. I am going to suggest to the minister what should be done with it in a few moments. I am reading from page 5 of the regulations. It is chapter 189 of the statutes. It says here:

Penalties and Procedure

Any person violating any provision of this act or any regulation,—

May I stop there to say this, Mr. Chairman. There have been put in force, in the Banff park, regulations of which the people of Banff have had no prior information, and of which they have had no notice. Then when you have penalties like this imposed, the situation becomes outrageous. I am continuing to quote:

—in addition to any civil liability thereby incurred, is liable on summary conviction to a penalty of not more than five hundred dollars,—

Mr. Lesage: Not more than $500.

Mr. Johnston (Bow River): Yes; not more than $500.

Mr. Lesage: It could be any amount. It could be 50 cents.

Mr. Johnston (Bow River): It could be; but I am speaking of the act as it now reads. The minister knows very well that the court could impose a penalty up to $500.

Mr. Lesage: Yes; but have you not confidence in the judgment of our judges?

Mr. Johnston (Bow River): Do not press me too hard. I continue to quote:

—and in default of immediate payment of such penalty and of the costs of prosecution, such person may be imprisoned with or without hard labour for any term not exceeding six months.

Mr. Lesage: What is astonishing about that provision? It is the usual one.

Mr. Johnston (Bow River): What is astonishing about it is this. It applies to any regulation whatsoever. The minister told me he was going to give me a lesson in fishing. Incidentally, I may say that I am looking forward to that lesson. But I would advise him not to bring along a fish hook that has three prongs on it because, if he does so, that is a violation. I am told that "two-gang" is the word. I am not a fisherman, but I will be one when the minister gives me a lesson. If you had one of these hooks in your possession, or if the police had reason to suspect that you had one of these in your possession, they can come into your house without a warrant and break into your trunk, your dresser, or into your bedroom if the door is locked and search the house, even on suspicion. Then the next heading is this:

Arrest, Search and Seizure

Any constable or any person having the powers of a constable under the provisions of this act or regulations may, (a) on view,—

That is on sight.

—arrest any person found committing an offence against this act or the regulations or found committing within a park any unlawful act; . . .

It is an unlawful act or it is a violation of the regulations if a person fails to get that old licence for the town cat that I was talking about some months ago. If he fails to pay this $3 licence fee to have a cat in the park, he is subject to a fine of not more than $500 or to six months' imprisonment with hard labour—whoever heard of such a thing?—without even a warrant being necessary. Then part (c) reads as follows:

(c) on view, seize, whether within or without the boundaries of any park, any timber, hay, mineral, fish, mammal or bird, or any part thereof, arms, ammunition, explosives, traps, nets, rods, vessels, boats, vehicles, equipment, outfit, appliance, or any other article whatsoever that he has reason to believe are or have been possessed or used in connection with the commission of a violation of any of the provisions of this act and the regulations.

That means that if I were suspected of having had one of these fish hooks with three prongs on it—that is not the right term but you know what I mean—in the park, the authorities could come into my house in Calgary, without a warrant, and make a search of that house; they could break into any part of it which they desired to break into; and on conviction I would be liable to a penalty of $500 or six months' imprisonment with hard labour.

Mr. Goode: What is the date of the regulation?

[Mr. Johnston (Bow River).]

Mr. Johnston (Bow River): It is the very latest. It is right up to date. It is the revised statutes of 1952.

Mr. Lesage: Mr. Chairman, the hon. member is now seeking an amendment to section 8 of the National Parks Act. The amending bill which we are now studying does not purport to amend section 8. Moreover, the hon. member started with a premise in which he was giving his reasons why the park superintendent or the park authorities should not be given the power to collect the hospital tax; because, as he says, the council is not satisfied with the way the collection or the levying of the welfare tax in the national parks is being done. Might I refer the hon. member to the regulations governing the levying of the welfare tax in the parks and which cover Banff park. I refer especially to section 7 of these regulations which reads as follows.

Mr. Johnston (Bow River): What page is that?

Mr. Lesage: It is in the regulations. It is order in council P.C. 1954-14 adopted on the 7th day of January, 1954. Section 7 of it reads as follows:

7. Where a person refuses or neglects to pay a tax within 30 days following demand, the superintendent may levy the amount of the tax by distress and sale of the goods and chattels of the person in default together with the costs of the distress and sale.

Mr. Johnston (Bow River): Of course; but that does not say that these other provisions I have indicated are not applicable. I was just about to say—

Mr. Lesage: Mr. Chairman, may I say that section 8 has not been used in the course of levying taxes in the park.

Mr. Johnston (Bow River): I did not catch that remark.

Mr. Lesage: Section 8 has not been used in the course of levying the welfare tax in Banff park. It is section 7 of the regulations respecting the welfare tax, the section which I just read.

Mr. Johnston (Bow River): A moment ago I said that when I got through with the discussion of this part of it, I was going to suggest to the minister what should be done. The minister has now said that these provisions have never been applied. I want to take objection to that statement. They have been applied in part on other occasions. It is no use for us to say that they have not been applied.

Mr. Lesage: Not with respect to the levying of the welfare tax, and that is the only

matter with which we are concerned now. In studying the bill we are not concerned with infractions of the fishing laws in the parks. We are interested in the levying of a hospital tax, which is what subclause 3 of clause 1 deals with. I would respectfully ask, Mr. Chairman, that, as the hon. member himself said a few moments ago, we keep in order in discussing the matter of a tax for the establishment of a hospital plan in that park.

Mr. Johnston (Bow River): Mr. Chairman, I contend that I am perfectly in order. We are discussing the hospital plan and how it is going to be brought about and, as I have indicated, the people of Banff have written to me concerning this matter.

Mr. Lesage: They should have written to me also.

Mr. Johnston (Bow River): They have discussed it with the minister.

Mr. Lesage: I did not receive any news from them recently.

Mr. Johnston (Bow River): They have discussed it with the minister. Incidentally, surely the minister is not implying that the people of Banff should not write to their member.

Mr. Lesage: No, but if they want an amendment to the act or if they want special regulations it seems to me it would be better for them to write to me as well as to the hon. member.

Mr. Johnston (Bow River): Yes.

Mr. Lesage: They had better write to me, especially since I had quite a discussion with the members of the advisory council last summer. At that time the members of the advisory council seemed well satisfied with the establishment of a poll tax which would be collected by the park superintendent, and the letters read a few minutes ago by the hon. member for Bow River come as a surprise to me.

Mr. Johnston (Bow River): The minister is getting a little bit mixed up. He probably figured he was on one of those fishing excursions when he was at Banff—

Mr. Lesage: I did not fish for votes.

Mr. Johnston (Bow River): —because my information is the only time the advisory council met the minister when he was on that trip was for about half an hour. He indicated to the whole meeting, as I understand it, that he was in a great hurry and did not have too much time to discuss the matter with them. I understand he spoke for about 25 minutes out of the half hour and then, as he was reaching for his hat, he said: "Are there any questions? I have to catch a train."

Mr. Lesage: That is completely unfair. I spent practically a whole morning with the members of the advisory council. We had a full discussion of the problems which the members of the council wished to raise. They presented me with a written brief. We discussed the matters contained in the brief, and the question of a hospital plan came to the fore. I said I was sympathetic to the establishment of such a plan in the parks. I said I would propose to the house at this session an amendment to the parks act to make it possible to establish such a hospitalization plan in the parks, and that is what I am now doing. But there was never any question that there would be any other system than the levying of a poll tax and that collection would be made by the park authorities. It might very well be that some other system will be adopted. But whatever system is adopted, the present amendment—

Mr. Johnston (Bow River): On a point of order, I do not mind the minister interjecting to answer a question or to try to correct me if I am wrong, but I wish he would wait until I am through to make his speech. He has made a couple of statements that are causing me some concern. He said there was never any question of anything else except a poll tax. The people of Banff have been unalterably opposed to a poll tax. They have understood from the beginning that there was to be an assessment tax. In fact, the provincial government has gone so far as to say this plan could not possibly be put into operation at Banff on any other basis than an assessment tax because everybody else in the province of Alberta is on an assessment basis. The minister and his department know that to be true. I want to emphasize that. Do not say here that the people of Banff have always advocated a poll tax. They certainly have not. The provincial government has also made it very clear to the authorities at Ottawa that it could only be done on an assessment basis.

When he was discussing the matter a moment ago the minister pointed out that the people there wanted such a plan. Of course they want it. There is no question about that. As I said when I started my remarks, we are all grateful to the minister for bringing in this legislation—although it is only his job—and making it possible for the people of Banff to have hospital service. However, the only thing the federal government has to do is to bring in this little bit of legislation, and the people of Banff and the province of Alberta will do the rest.

An hon. Member: Let them collect it too.

Mr. Johnston (Bow River): Certainly they would. The people of Banff want it collected either by the advisory council or by the provisional board of the hospital district which is being formed in Banff. Certainly they would do it because, as I have indicated, they do not want to come under these park regulations with these unfair penalties attached to them. In a letter I just read I indicated some of the unfair penalties that have been applied. It is no use for the minister to say that this section has never been applied or that the penalties would not be applied to the hospital plan. Of course they will. They have been applied. If these things are so outdated, why keep them in the act?

I suggest to the minister again that this section should be taken out of the act because it is so ridiculous to think that a person violating any of these regulations should be subject to a $500 fine or six months' imprisonment at hard labour. There may be several reasons why a person could not pay his tax on the date when it was due. There may be several reasons why he had a fish hook with three prongs on it in his house. But is that to say he should be subject to a fine of $500 or six months' imprisonment with hard labour? Of course that is ridiculous. I suggest to the minister he would be doing a service to himself, to the country, and particularly to the national parks of Canada and the people therein, if he would strike this penalty clause from the statute entirely.

At this moment I do not have much more to say. I have pointed out to the minister how grateful the people of Banff are that this amendment has been introduced. I have pointed out to him as strongly as I can why I think there should be certain changes. I have mentioned two very important changes. The first is that the collection of the tax should be allotted by the federal government to the advisory council, the elected body of the people of Banff. The government can do that if they want to without further amendment of the legislation. If not, the collection of the tax should be allotted to the provisional board of the hospital district. In either case, it should not be subject to these park regulations.

In the second place, the tax, without any question, should be on an assessment basis. The provincial government has made it very clear it just would not be feasible to do it on any other basis, and certainly not by means of a poll tax. That is something that is not done in any other part of the province, and the contention is that the same practice should be followed in Banff that is followed in other parts of the province. I hope the minister will take the suggestions I have made into consideration. I do not think he has made a definite decision whether or not the tax will be a poll tax or will be on an assessment basis. I hope he will give this matter consideration. In view of what I have said, in view of the fact the people of Banff do not want it on a poll tax basis but on an assessment basis, and in view of the fact the provincial government insists it shall be that way, I think the government should declare quite candidly at this time that the things I have asked for will be incorporated in the act and the regulations.

Mr. Quelch: I am glad to see this amendment to authorize agreements with authorities in a province for making arrangements with hospitals for hospital service. I understand the main reason for introducing this amendment now is to make it possible for the people of Banff national park to come under the dollar-a-day hospitalization plan. I understand also that there is some concern now as to whether or not the sisters at Banff can continue to operate the hospital without financial assistance. On the other hand, they are strongly in favour of coming in under the dollar-a-day plan. I am sure the minister himself would agree that it would be a deplorable situation if the hospital at Banff had to close.

I attended a public meeting in September called under the auspices of the advisory council, to discuss the dollar-a-day scheme. I may say that at that meeting there was a great deal of confusion as to the method by which the money would be collected, and confusion as to the method by which the tax would be levied. Some were under the impression it would be done by a poll tax; some were under the impression it would be by a mill rate levied on property; some thought the province would collect the tax; some thought the superintendent of the park would collect the tax, and others thought the hospital board would collect it. There was so much confusion at that meeting it was decided finally that a member of the advisory council would go to Edmonton and have a meeting with the minister of health. Upon the return of this delegate, another meeting would be called and then a further discussion would take place.

Mr. Shaw of the advisory council went to Edmonton and had a thorough discussion with Dr. Cross, the minister of health, concerning the plan. Then, on October 27, another public meeting was called. At that meeting Mr. Victor Price, the business manager of the Holy Cross hospital in Calgary, was in attendance in order to answer any

questions that might be asked because he had firsthand knowledge of the operation of the dollar-a-day plan. I might mention that Mr. Price was there, not as a representative of any government but purely as a service to the people of Banff in order that they might get firsthand knowledge of the operation of the dollar-a-day plan.

When the meeting was called it was announced that if the plan went into operation it would have to be on the basis of a mill rate tax on assessed property. Perhaps to make this quite clear I should read a letter that was written by Dr. Cross to Mr. R. E. W. Edwards, secretary of the Banff advisory council. The reason the letter was written was that the people of Banff had asked the advisory council to obtain from the minister of health a statement in writing so that there would not be any more conflicting statements. During the first meeting some people said the minister of health had stated this, and others said the minister had said something different. In view of this the people wanted a written statement so that they would know exactly what the proposal was. I will read the letter that was written by Dr. Cross to Mr. Edwards, and which was made available to the people at that meeting:

Dear Sir:—

Re Proposed Municipal Hospital District for Banff National Park

Further to a meeting with a member of your council, Mr. Shaw, last week, this will advise that the only plan acceptable to the department to establish the $1 a day hospitalization scheme is by way of a mill rate tax on all assessed property within the boundaries of the park. This method is in accord with the municipal hospitals act, being chapter 185 of the revised statutes of Alberta, and the plan is in operation today in sixty-nine municipal hospital districts over the province.

We have agreed to amend the municipal hospitals act as suggested—

I should like the minister to pay special attention to this:

—by Mr. R. G. Robertson, deputy minister of the Department of Northern Affairs and National Resources at Ottawa, to make any resident of the park assessed for school taxes, a ratepayer under the municipal hospitals act. This will give your council (or park superintendent) authority to levy and collect a tax on the same basis as your school tax at present in effect; then the municipal hospital board will be in a position to requisition your council each year for sufficient funds to carry out an agreement with the sisters' hospital at Banff.

So from then on the discussion that took place in that meeting was on the definite understanding the plan would be financed by a mill rate on the assessment.

Now, Mr. Price wanted to know just how many of the people present at the meeting were ratepayers, and how many were just curious spectators. A show of hands was called, and it was found that 99 per cent of the people present at that meeting were ratepayers. When the vote was called an overwhelming majority of the people at the meeting voted in favour of the dollar-a-day hospital plan financed by a mill rate tax, on the assessment of property. I quote from an article appearing in *Crag and Canyon* concerning that meeting:

Following an explanation of the dollar a day hospitalization plan, a meeting that jammed the auditorium on Wednesday evening voted overwhelmingly for the establishment of Banff national park as a municipal hospital area. A request, therefore, to this effect will be forwarded to the proper authorities.

A show of hands established that over 99 per cent of those present were ratepayers—those whom the plan would most seriously affect. The only plan acceptable to the department of health as a means of financing the scheme is by way of mill rate tax on all assessed property within the boundaries of the park.

I believe that should settle clearly in the mind of the minister that any discussion that has taken place recently concerning the adoption of the dollar-a-day plan in Banff has been on the basis of a mill rate levied on property. The minister has stated it should be on the basis of a poll tax. Personally, I believe a poll tax would be a very unfair method of financing the hospital plan. I have heard it suggested that the minister has been influenced by the Canadian Pacific. I am not making that as a charge. Of course, it was made quite clear at the meeting that the Canadian Pacific would be very much opposed to a mill rate tax on property for the purpose of financing the hospital. Some of the other very large property owners were also opposed. As I say, however, 99 per cent of the people at that meeting were ratepayers and they voted overwhelmingly in favour of the hospital plan being financed by a mill rate tax on assessed property. Let us not have any more discussion as to whether the people of Banff are in favour of the poll tax or a mill rate on assessed property. They are definitely in favour of the mill rate tax on assessed property.

I am hoping that the minister will not now, at this late date, throw a monkey wrench into the works by insisting that the plan be operated on the basis of a poll tax. As the Alberta health department has pointed out, they could only do it on the basis of a mill rate. All the other hospitals are being financed on that basis and they could hardly make an exception for one hospital to be financed on a different basis. I hope the minister will find it possible to agree to something to which his deputy minister has apparently already agreed, namely that it be financed by a mill rate.

Mr. Lesage: It is alleged my deputy minister agreed to that?

Mr. Quelch: This letter from Dr. Cross to Mr. Edwards referred to your deputy minister. I have already read this letter from Dr. Cross, the minister of health, to Mr. R. E. W. Edwards.

Mr. Lesage: I do not agree that my deputy has said that.

Mr. Quelch: Is the minister saying now that his deputy was not in favour of that being done?

Mr. Lesage: I have here a copy of a letter from my deputy, Mr. R. G. Robertson, to Mr. McCallum, of December 29, 1954. I am going to read it later when my hon. friend has finished.

Mr. Quelch: I have nothing more to say, except that I hope the government will proceed with the amendment we have before us in order that the dollar-a-day plan may be made available to the hospital at Banff. It would be a mistake to finance it on the basis of a poll tax. The mill rate on the assessment is a fairer method of taxing.

Mr. Lesage: I shall just read the extract.

Mr. Diefenbaker: Read the letter.

Mr. Lesage: It is a very long letter. May I read only the extract which pertains to the question we are discussing now?

Mr. Quelch: What is the date of it?

Mr. Lesage: It is dated December 29, 1954. The extract reads as follows:

> I think there is considerable merit in collecting the taxes from those who pay health and welfare taxes because there would be a wider distribution. Approximately one-third of the residents of Banff fall into the class of renters; consequently they would be excluded if a property tax were adopted, unless they came into the scheme on a contract basis.
>
> Another factor in favour of the poll tax is that we are now collecting such a tax for the cost of health and welfare services.

It is most difficult to decide whether it should be a poll tax or a so-called property tax. As a matter of fact the property is all owned by the federal government and it is leased; but it would be a tax on the interest of the lessee in the property. You may call it an assessment tax if you wish.

Mr. Quelch: It has already been done for schools.

Mr. Lesage: Yes, it has already been done for school tax purposes. Therefore, it is a question of deciding whether it should be a poll tax or an assessment tax. Both the hon. member for Acadia and the hon. member for Bow River argue in favour of an assessment tax. May I say again that when I discussed the matter with the members of the advisory council in Banff last summer it never entered my mind that it could be anything but a poll tax that they had in mind, which would be levied in the same manner as the park superintendent collects for the welfare services.

I do not want to argue in favour of the poll tax and against the assessment tax at this time because I do not have to make the decision today. I want to study the matter very carefully and discuss it with the authorities of the province of Alberta and with the officers of the parks branch of the department, and also to consider the representations which I no doubt will receive from the residents of Banff. But it seems to me that whenever we discuss welfare measures, we should as a general principle try to have as wide a distribution of the burden as possible.

That was one of the principles which were the basis of the recommendations which were made by the committee on old age security in 1950. Whenever the benefits of a social security measure are universal, be it all over Canada, all over a province, or all over a municipality, the burden should be as widely distributed as possible over the people who will benefit from it. That is one of the principles I have to keep in mind when I make the decision whether it will be a poll tax or an assessment tax. There are other considerations; but one thing is important. It is this. The bill which is before the house now reads as follows in subclause 3, paragraph (q):

> Levying taxes on any residents of a park or on the interest of any persons in land in a park in order to defray in whole or in part . . .

It permits either an assessment tax or a poll tax to be established.

Mr. Diefenbaker: Will the minister permit a question. In reality, does this amendment make any difference? Paragraph (q) reads:

> levying taxes on any residents . . .

The old section read:

> levying taxes upon the residents of a park . . .

In reality, is there any great change in these words? Further on the paragraph reads:

> . . . or on the interest of any persons in land in a park . . .

Mr. Lesage: This is not a substantive amendment. The really important amendment is subparagraph (ii) of (q).

Mr. Diefenbaker: Yes.

Mr. Lesage: It has to do with the cost of hospital services. We had to write the whole of paragraph (q) into the amending bill. I understand the law officers of the crown profited by the fact that the bill was being amended to make changes which I do not think are any more important than the hon. member thinks they are.

Mr. Diefenbaker: I do not see it.

Mr. Lesage: The important change appears in (ii) of subclause (q) which appears at the top of page 2 of the bill. That is the important addition.

Mr. Diefenbaker: The rest of the changes are merely alterations in terminology in order to make it clearer?

Mr. Lesage: Yes.

Mr. Diefenbaker: In reality this applies to only one park, namely the Banff park?

Mr. Lesage: It could apply to Jasper as well, or to Waterton lakes, because they are in Alberta where there exists this hospitalization system.

Mr. Diefenbaker: What about Saskatchewan?

Mr. Lesage: Is there a hospitalization plan there? My officials tell me that under the provincial law as it exists in Saskatchewan now it could not apply to Prince Albert park.

Mr. Diefenbaker: It would not apply.

Mr. Lesage: No, not according to what my officials tell me.

Mr. Diefenbaker: Therefore in reality this covers the situation in three parks in Alberta?

Mr. Lesage: As I said, Mr. Chairman, this amendment follows the brief which was presented to me in Banff last summer by the members of the advisory council, asking that the proper amendments be made to the parks act so the provincial hospitalization system could be applied to the residents of Banff park.

Mr. Johnston (Bow River): May I say to the hon. member for Prince Albert that this applies only to the parks established in Alberta, because no other province in Canada is so progressive in its health measures in relation to parks. We hope the other provinces will take a lead from Alberta in this respect, as they have in other things, and make it possible for their park residents to have the same advantages of a health insurance scheme.

The minister made a point on which I wish to comment. He suggested that in his thinking on this matter, after the bill is passed he will have to give consideration to the matter, after consulting with the people of Banff and the provincial government of Alberta, and come to a conclusion regarding it. I have no objection to that. I think it is an important amendment and one that should bear fruit, but I should like to suggest to him that another point must be considered.

He has already indicated that the tax should be applied to the greatest number of the people who are to receive benefit under it. When the minister is considering this matter may I suggest to him that the provincial government could not inaugurate a program of this magnitude without being reasonably sure that the revenue would be forthcoming to carry it out. It seems to me that because the population at Banff is a shifting one the revenue from a poll tax would be very uncertain. On the other hand, an assessment basis tax would be more permanent.

In addition to that, all the people in Banff who were not taxed on an assessment basis would have the privilege of coming under this legislation by entering into separate contracts, and everybody would be covered. It seems to me that an assessment basis would be the most appropriate of all, and certainly it would be the most satisfactory from the standpoint of administration and the security of the people of Banff, who are anxious to have this measure in effect. As the hon. member for Acadia has stated, they have indicated an overwhelming desire that this be as we have outlined it. I hope the minister will see fit to follow the advice of the people who are going to be concerned in this very matter.

Mr. Harkness: As the minister has pointed out, this provides for levying either a poll tax or a land tax, or both. I take it from what the minister has said that no definite plan has yet been decided upon as far as Banff is concerned. Is that correct?

Mr. Lesage: Yes, that is correct. We are seeking by this amendment authority to make regulations for the establishment of the system in Banff park. As I said, until lately I was under the impression that there was no doubt as to what the people wanted, that is a poll tax. However, from what the hon. member for Acadia and the hon. member for Bow River have said there would seem to be practically unanimity among the Banff residents in wanting an assessment tax. I shall have to consider the matter.

Mr. Harkness: As has been pointed out, the population of Banff fluctuates considerably. During the summer time there are many summer residents there who may stay one, two or three months, and then there are a number of people employed at the hotels who may be there for a similar length of time. I am wondering whether the phrase "levying taxes on any residents of a park" would include people who are there on a fairly temporary basis. What is the definition of "resident" which is going to be applied?

Mr. Lesage: As I said before, in the case of the welfare tax which is already collected in Banff under provincial law, a poll tax is imposed on the residents. Perhaps I should read the regulations governing the levying of this tax. They are as follows:

3. (1) For the year nineteen hundred and fifty-four and for each year thereafter each resident shall pay a tax of one dollar to the superintendent for health and welfare services.

(2) Subsection one does not apply to

(a) a resident who has not attained the age of twenty-one years and who is wholly dependent upon a parent or other person for support;

(b) a resident who has attained the age of twenty-one years and who is wholly dependent upon a parent or other person for support by reason of mental or physical infirmity;

(c) a resident who is in receipt of blind persons allowance, mother's allowance, old age assistance, widow's pension, or indigent relief under the laws of the province of Alberta;

(d) a resident who is in receipt of a pension under the Old Age Security Act (Canada) and who also is in receipt of a supplementary allowance under the Old Age Pensions (supplementary allowance) Act of the province of Alberta;

(e) a resident who pays to an improvement district taxes on freehold lands in a national park;

Mr. Harkness: That still does not answer my question as to the definition of "resident". Those are the exceptions who do not have to pay this welfare tax.

Mr. Lesage: Regulation 2 (b) defines resident as follows:

"Resident" means a person who has attained the age of eighteen years and who has been ordinarily resident in a park for six months of the year immediately preceding the year for which a tax is payable.

Mr. Harkness: That is really a six months' residence qualification.

Mr. Lesage: In the year preceding the year in which the tax is to be levied.

Mr. Harkness: Then summer employees are not included?

Mr. Lesage: They are not. That is one of the difficulties we have to consider in deciding as between a poll tax and an assessment.

Mr. Harkness: On that basis summer residents who are there for two, three, four or five months, less than six months in any event, and summer employees who are there for the same length of time, less than six months, would not be covered by the hospital services?

Mr. Lesage: They would not be covered either by the tax or the hospital services.

Mr. Johnston (Bow River): They could be covered by a separate contract if they wanted to enter into one.

Mr. Harkness: Would there be any difficulty in supplying hospital services to people in the parks on the same basis as it is done in Calgary? In that city every owner of land—in the case of a park it would be every lessee—pays the hospital tax as part of his general taxes. Then any roomer or tenant who wishes to come under the scheme can do so by the payment of a flat fee of so much for a single person and so much for a family.

Mr. Johnston (Bow River): That is what we are asking for.

Mr. Lesage: If all the residents in the park are going to benefit the question would be whether all residents with six months' residence in the previous year should pay the tax, as they are going to benefit; or should it be paid only by those who are freeholders or who are leasing land in the park and who would therefore be paying for the whole population who would qualify as residents.

Mr. Harkness: I think the minister misapprehends the system we have in Calgary, and I think this applies to other municipalities in Alberta. There a tax is levied on land, and every owner of land and his family would be entitled to hospitalization for a dollar a day. That would not include any resident who did not pay taxes; in other words tenants and roomers. But those people can be covered by the payment of a flat fee of $10 for single persons and $20 for married persons and their families. These people are not forced to come into the plan, but if they do not come in they receive no benefits and must pay for hospitalization at the regular rate. I see no reason why the same thing could not be put into effect in Banff.

Mr. Lesage: As I said, I have arrived at no decision in this matter and this discussion will certainly help me. What about people who lease land in the park and occupy it only during the vacation period, say for three months in the year?

Mr. Johnston (Bow River): Is not all land leased?

Mr. Lesage: I just want to know the answer of the hon. member for Calgary North.

Mr. Harkness: The minister is referring to land in the park which is leased but which if it was not in the park would be owned?

Mr. Lesage: Yes; that has to be the basis for assessment in the parks.

Mr. Harkness: The man with a summer cottage would be assessed. He would pay the tax and he would be entitled to hospitalization if he required it when he was

there. The same thing applies in Calgary. A man may live in Toronto and own two or three lots in Calgary. He is assessed, he pays his taxes, and if he is sick while in Calgary he would receive the benefit of the dollar a day hospitalization. If he gets sick there he gets in on the dollar a day hospital plan. If he does not happen to get sick there, of course, he has not received any benefit out of it. Nevertheless the benefit is open to him if he wants to live in that particular area.

Mr. Lesage: But my point is that he will be taxed for 12 months for a service from which he can benefit for only three months. That is the difficulty. It is no easy problem. The whole thing will have to be considered very carefully and a decision made.

Mr. Knowles: I wonder if it would not be a good idea for the Minister of Northern Affairs and National Resources to discuss this question with his colleague the Minister of National Health and Welfare? It might solve all these problems if he could get his colleague to bring in a nation-wide program of health insurance.

Mr. Quelch: The suggestion was that the assessment roll would be the same as for the school tax.

Mr. Lesage: Yes.

Mr. Quelch: There was a good deal of discussion as to whether it should be a poll tax or a mill rate on assessment. As a result of that discussion a member of the board was sent to Edmonton, and when he came back he made it clear that the only basis upon which the dollar a day plan could be put into effect under the Alberta hospital act would be on a mill rate assessment. From then on it was urged that there should be a mill rate on assessment, as the only basis on which they could get the dollar a day plan. The letter made it clear that they could only have a dollar a day plan provided the mill rate was levied on assessment.

Mr. Johnston (Bow River): I should like to say another word about this. I think the minister is unduly concerned. He pointed out the difficulties that would arise because the people holding land that was taxed only had access to the benefit for three months a year. As the hon. member for Calgary intimated, if a person owns property in Calgary and decides to live in Toronto and visit Calgary for three months of the year, then he would have access to the service for the three months he was there. If he took sick in Toronto he would not have access to it there. There is nothing different in the implementation of this system in that province and in the park area. It is already established in the park area that the school tax is on an assessment basis. There has been no difficulty, as far as I know, about that tax. Certainly if this were followed along the same lines there should be no more difficulty in administering it on the assessment basis for the hospitals than is found now for the schools. It seems to me that the minister should give it very serious consideration.

Mr. Lesage: I shall.

Subclause agreed to.

On subclause 4:

Mr. Yuill: I am interested in this subject, as Jasper happens to be in my constituency, and they face a similar problem there. I have been told by the majority of the people there that they would be happy to avail themselves of this dollar a day hospitalization. I think the same rule would apply there that applies to my town. I happen to be the mayor, on my sixth term now, and we worked it very successfully there. There was direct taxation for the property owners and a tax for the non-taxpaying residents. They paid a flat rate of $8 per year. I do not see anything to worry about if there are people living in the park who do not pay rental, from the governmental point of view. Owners of property pay taxes in that respect. Every man who gets any benefit pays for it. The ordinary person who does not avail himself of the $8 privilege is out of luck so far as the dollar a day service is concerned.

I think that could work there in the park just as well as it has in my town. We have been contributing on that basis for a number of years. As a matter of fact my town provides that without any special levy, as an added service, but any non-taxpaying resident pays $8 a year for that dollar a day hospitalization. It is something that works there; I believe it would work anywhere else within a park.

Subclause agreed to.

Subclause 5 agreed to.

Clause 1 agreed to.

On clause 2—*Lands withdrawn from Waterton Lakes national park. Lands withdrawn from St. Lawrence Islands national park.*

Mr. Harkness: Under clause 2, Mr. Chairman, I see the department is withdrawing 753 acres from Waterton park and attaching it to an Indian reserve or a portion of an Indian reserve which is entirely enclosed by the park. Exactly where is this situated, and what sort of land is this 753 acres? Is it a mountain or forest land?

Mr. Lesage: It is not really bush land. It is open prairie with small brush, not very good for park purposes. I believe the best thing I can do is to send the map to the hon. member.

Mr. Knowles: Put it on *Hansard.*

Clause agreed to.

On clause 3—*Governor in council may establish national park in Newfoundland.*

Mr. Stick: I wonder if the minister would care to give us information regarding the national park in Newfoundland. I know we have been discussing this for a number of years. Could he bring us up to date on the situation that exists today? Where are you going to put this park, when do you hope to begin, and so on? Have you any information like that?

Mr. Lesage: I met the minister of mines and resources of Newfoundland, Mr. Rowe, in November or December. We discussed the matter together, and he told me that he would write to me as soon as he could have clear title to offer for the national park, the area of which was surveyed by the officials of my department two or three years ago.

Mr. Stick: Do you know where that area is?

Mr. Lesage: Bonavista bay.

Mr. Stick: Is that Newman sound?

Mr. Lesage: Newman sound.

Mr. Stick: I take it, Mr. Chairman, that as soon as the provincial government has fulfilled its obligations the federal government is prepared to go ahead with the park?

Mr. Lesage: That is exactly the principle we are adopting in this clause 3 of the bill.

Clause agreed to.

Schedules A and B agreed to.

Bill reported, read the third time and passed.

TERRITORIAL LANDS ACT

AMENDMENT PERMITTING SALE OF LAND BEFORE SURVEY

Hon. Jean Lesage (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. 282, to amend the Territorial Lands Act.

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

On clause 1—*Repeal.*

Mr. Lesage: The amendment to the Territorial Lands Act provides simply for the repeal of subsection 2 of section 5 of the act.

This subsection required that plans of survey had to be approved by the surveyor general before territorial lands could be sold. It applies to lands in both the Yukon and Northwest Territories. While the intent of the subsection was perfectly sound, it has raised difficulties in practice.

When a person wishes to purchase a parcel of land, he expects to be informed of the price that will be charged. While it has been possible under the present subsection to give a prospective buyer an estimate of the probable cost of the land, no formal agreement of sale could be legally entered into until after the survey had been carried out and approved by the surveyor general. Due to a continuing shortage of qualified surveyors it has usually been a minimum of two years and often much longer between the time a request to purchase was made and the time the survey was completed and approved. During the intervening period the land may well have increased substantially in value, and the original estimate of price would be greatly exceeded when the time came for the formal agreement to be completed.

By deleting subsection 2 the sale of land will be governed by the general clause in the act, namely section 4 which states:

> Subject to this act, the governor in council may authorize the sale, lease or other disposition of territorial lands and may make regulations authorizing the minister to sell, lease or otherwise dispose of territorial lands subject to such limitations and conditions as the governor in council may prescribe.

It would then be possible under this general section to enter into an agreement of sale shortly after the request to purchase was made, based on an appraisal of the land in question, with a price fixed on a unit basis and with the total price to be paid subject to the completed survey. Normally the unit price would be a price per acre. The appraisal would be made by competent officers who would make as accurate an estimate as possible of the area involved so that subsequent adjustments in the total price, on completion of the legal survey, would be kept as small as possible.

It is proposed that regulations made under the act will contain a provision that no letters patent covering the sale of land may be issued until the survey has been completed and approved by the surveyor general, so that the original intent of subsection 2 will be met.

Mr. Simmons: Mr. Chairman, I am glad to see this proposed amendment which will repeal subsection 2 of section 5 of the Territorial Lands Act to permit sales of territorial lands to be made prior to survey of the land

and which will permit the price to be fixed at the time the application to purchase is accepted by the department.

In the past, under the present provisions of the act, I know of persons in the Yukon Territory who applied to purchase parcels of territorial land many years ago. They naturally wanted to know the cost under the present act, but officials of the lands division could not tell them what the price would be until such time as the land in question was properly defined by a dominion land surveyor. In certain cases there was a gap of several years between the time of application and the time of survey, a situation which naturally caused considerable dissatisfaction and inconvenience. In other words, under that interpretation a person would not know how much he would be assessed for the land until several years after he had decided to purchase it.

Those now contemplating the purchase of territorial land will welcome the proposed amendment which will enable the department to tell the applicant what the price of the land will be when he applies to purchase it. I am pleased to see this amendment being introduced.

Mr. Harkness: I presume this amendment applies to lands in the Northwest Territories as well as to lands in Yukon Territory?

Mr. Lesage: Yes. I said that in my remarks a few moments ago.

Mr. Harkness: I did not catch that part.

Mr. Knowles: May I ask whether this amendment envisages or involves any other change in government policy with regard to the sale of land in the Yukon or Northwest Territories? In particular may I ask whether it has any bearing on oil or mineral rights?

Mr. Lesage: No.

Clause agreed to.

Title agreed to.

Bill reported.

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

Mr. Knowles: By leave.

Mr. Lesage moved the third reading of Bill No. 282, to amend the Territorial Lands Act.

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

PRECIOUS METALS MARKING ACT

AMENDMENTS RESPECTING TRADE MARKS, QUALITY MARKS, ETC.

Hon. Robert H. Winters (for the Minister of Trade and Commerce) moved the second reading of Bill No. 306, to amend the Precious Metals Marking Act.

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

Mr. Knowles: Are we not to have an explanation of the bill?

Mr. Hamilton (York West): May we have an explanation of it?

Mr. Knowles: Does not anyone on the government side know anything about this Senate bill?

Mr. Winters: Mr. Speaker, may the bill stand?

Mr. Speaker: Would the hon. member for Portage-Neepawa (Mr. Weir) move the adjournment of the debate?

Mr. Weir: Yes.

On motion of Mr. Weir the debate was adjourned.

CANADIAN FORCES ACT

AMENDMENTS TO NATIONAL DEFENCE ACT AND DEFENCE SERVICES PENSION ACT

Hon. R. O. Campney (Minister of National Defence) moved the second reading of Bill No. 257, respecting the Canadian forces.

Mr. Pearkes: Is the minister going to make a statement in connection with this bill?

Mr. Campney: Yes; a very short one.

This bill contains a series of amendments to the National Defence Act and to the Defence Services Pension Act. On March 14 last, in speaking to the resolution preceding this bill, as reported at page 2004 of *Hansard* of that date, I endeavoured to review generally the scope of this bill and to refer briefly to some of its salient points.

As the 26 clauses of the bill are not related to each other, and as the bill does not deal throughout with one specific subject, it is hardly possible to debate the principle of the bill on second reading, as is usually the practice. I would therefore suggest that the bill might be given second reading now and that we might then proceed in committee to consider the bill clause by clause, as has been the procedure in each of the previous years in which a bill of this type has been brought forward. I think that procedure might be more acceptable to hon. members and might at the same time expedite consideration of the bill.

Mr. Pearkes: Mr. Speaker, as this seems to be an unprincipled bill I think that would be the best policy to follow.

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

On clause 1—*Short title.*

The Acting Chairman (Mr. Cavers): Shall the clause carry?

Mr. Herridge: I have a word or two to say. The explanation of this clause reads as follows:

> This clause would make it possible to reinstate, without a break in service, officers and men who have been released as a result of a sentence of dismissal or a finding of guilty by a service tribunal or any court, and the sentence of dismissal or finding of guilty ceases to have force and effect as a result of a decision of an appellate court or other competent authority.

I want to ask the minister this question. If a man who has been sentenced by a court martial, say in world war II, rejoins the forces, does this amendment wipe out that sentence?

Mr. Campney: No. This amendment is to cure a defect in the act which has been felt by a number of people.

Mr. Hamilton (York West): What clause are we talking about now?

Mr. Campney: This is clause 2. We had better wait until we come to it.

Clause agreed to.

On clause 2—*Reinstatement.*

Mr. Campney: At present when a man is convicted and his conviction has been set aside on appeal, he has to re-enrol in order to be reinstated. In other words he cannot be retroactively reinstated. We find, as the result of a ruling of the Department of Justice, that there is a break in his service even though, having been convicted, he wins his appeal. This provision will take care of that situation. The practice proposed here is followed in the United Kingdom. Except for this clause the break in his service would affect his pensionable time, seniority, and possibly his position in respect of progressive increase in pay. The amendment is made in the interests of the person who has been convicted and has won his appeal.

Mr. Herridge: Thank you.

Clause agreed to.

On clause 3—

Mr. Hamilton (York West): The minister might explain this clause. It would seem this is a method of taking back from civilian life ex-members of the forces in order to try them before a military tribunal. I wonder whether the civil courts could not adequately take care of matters of this kind. I am thinking about the instances of pilfering to which reference has been made. Would the civil courts not be able to take care of people who have returned to civil life?

Mr. Campney: A civil court can only deal with civil offences. The law now provides that a man who has been released from the service may still be tried under the code of service discipline for offences committed while in the service although he has left the service. That is the law now. But there is no provision in the present law stating that the man is under service discipline for the period between the time he is charged and the time he is convicted or acquitted. This amendment will mean that a man who has left the service and is charged with a service offence which took place during the time he was in service shall be under the code of service discipline from the time he is charged until the charge is disposed of. It is a purely procedural gap which we are trying to fill.

Mr. Hamilton (York West): Do I understand the purpose is to cover jurisdiction when he has in fact been taken back into the service? As I see it, there are certain offences such as absence without leave and desertion which would be peculiar to the military, but theft and other offences of that kind would be triable before a civil court just as well as they would be before a military court. Is there any indication that the intention is that all cases of that kind are to be brought back into the military courts?

Mr. Campney: No, only cases where the offence has taken place while the man was in the service would be tried under the code of service discipline, and no others.

Clause agreed to.

On clause 4—*Exclusion of time.*

Mr. Hamilton (York West): This clause deals with the period of limitation in connection with offences, and under subclause 3 (c) it would appear that it shall not include any time during which a person was serving a sentence of incarceration imposed by any court other than a service tribunal. I would assume that would be the case except if the sentence arose out of the offence for which he was being charged. Should there not be some additional words there to make it a little clearer?

Mr. Campney: If a man has been tried by a civil court, he cannot be tried and sentenced again by a military court. The purpose is to deduct from the period of three years

within which a person must be tried except for the more serious offences any period during which he is a prisoner in a civil prison, a prisoner of war, or confined in any other way which affects his liberty.

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Petition in respect of delay of trial.*

Mr. Hamilton (York West): This is a very important clause. It has to do with the number of days a man may be held prior to what we might term committal for trial either by summary process or by court martial. I think it has possibly been in mind that there could be many abuses in connection with this provision. As a matter of fact I have had some personal experience in defending men under circumstances of this kind.

Has the department given any thought to inserting a clause whereby the onus would be on the commanding officer to point out to the accused the provision which will apply consequent upon the passing of this amendment? It is fine to have it here, but from experience it seems to me it would be of great benefit if there were some provision that the commanding officer must do two things. First of all the commanding officer should be obliged to inform the accused of this provision, that is, the length of time involved before coming to trial. Second, there should be a limited period during which the commanding officer must appoint an officer to defend. It seems to me that only with these additional safeguards can we say that this amendment would be really effective.

Mr. Campney: I think there may be some merit in the hon. member's first suggestion. I believe steps might be taken to acquaint a man with his rights, and we will give the matter consideration in connection with our regulations. With respect to the second point raised, the man selects his own defence counsel, and I do not think the commanding officer should be involved in that particular part of the man's defence. Sometimes these cases are quite complicated, and we find that in practice it takes more than 90 days to get the evidence required to proceed to trial.

Mr. Hamilton (York West): It has taken six to eight months.

Mr. Campney: The same thing applies in civil trials. It often takes a good deal longer to get to trial than one thinks when he starts. We are faced then with the position where either the man must be released or some other arrangement must be made to keep him in custody. This is a discretionary power to be exercised by the minister in such cases.

Mr. Hamilton (York West): I understand the minister's point that the accused has the right of selection, and I think it is well taken. But would the minister consider the suggestion that a period of seven days, or whatever period might be considered reasonable, be set aside for the selection of the defending officer and that, failing that, the commanding officer should appoint an officer to defend? That is done in the civil courts in charges of a serious nature. The bench has the right to appoint defence counsel. A period of seven days could be provided for the accused to select a defending officer, and on his failure to do so, the commanding officer could then appoint one. I think that would be in keeping with our civil process where judges are quite within their rights in refusing a guilty plea and saying that they are going to enter a plea of not guilty and proceed with the trial. Only in that way can we bring the procedure somewhat in line with the rights which are possessed by an accused before our civil courts.

Mr. Pearkes: Is the minister going to reply?

Mr. Campney: In reply to the hon. member, I might say I understand that in practically all cases a judge advocate general's officer is available to the man if he wants to select him. I am told also that under an order in council, in any serious case a man may be given assistance in obtaining civilian counsel, and the commanding officer is obliged to make this order in council known to the accused.

Mr. Cameron (Nanaimo): What reasons have the minister's advisers given for suggesting that a man should be held in custody for three months while the authorities are deciding whether or not they have the evidence? I say it is quite preposterous in view of the practice in civil life.

Mr. Campney: The clause will not be commonly used. The necessity for it will arise in cases in which there is a good deal of evidence to check or a great deal of searching needed to get the evidence upon which to proceed to trial, such as in a conspiracy case. In my experience in civil practice, 90 days is not a very long time in which to prepare a complicated case for trial. Personally, as a lawyer, I do not see any undue harshness in it assuming it is properly applied, because the practice as I have found it in civil cases, and I understand the practice in the services has been pretty well the same, leads me to believe that every once in a while there is a

case that you have to have stand for a very considerable time in order to properly prepare it.

Mr. Cameron (Nanaimo): I point this out, that in civil cases the accused can apply for bail and he can be out on bail for that 90 days. This is not the case with a soldier; he is going to be in the hoosegow.

Mr. Campney: Unless it is decided to put him in open arrest; that is a matter of discipline. It is true there is no provision for bail in service procedure.

Mr. Hamilton (York West): I would confirm what the minister has said. It is quite usual for us to wait for the spring assizes or the fall assizes in connection with a criminal offence. There seems to be nothing remarkable about that. If we have a limit here then we know we have some right, and that you cannot go beyond that limit. I believe we had evidence of people being held even longer than that during the last war.

Mr. Nesbitt: In connection with this clause, I am not too familiar with military procedure but is there any procedure analogous to that which we have under criminal law for a committal for trial to ascertain whether or not there is sufficient evidence to hold the man for trial?

Mr. Campney: I understand that an initial investigation along the lines the hon. member has suggested is made by the commanding officer. In all cases he holds a preliminary investigation and reviews such evidence as is available and makes a decision.

Mr. Winch: I should like to add a little to what has been said. It is my opinion that cases in which it takes the prosecution 90 days to complete its evidence, as a rule, are not the type where a man would be under open arrest. Even if he were under open arrest there is a big difference between being under open arrest and being out on bail in a civil case. In the case of open arrest you are not in the hoosegow, as the hon. member for Nanaimo mentioned, but you are confined to quarters. There is, therefore, a very big difference between being under open arrest and being out on bail in a civil case. It looks to me as though there is an undue hardship on a person who has not yet been found guilty.

Mr. Gillis: The point that sticks in my mind in relation to this subject is that if it takes 90 days for a commanding officer to secure sufficient evidence to try a man, there must be something wrong with the charge in the first place. The difference between a man out on bail in a civil case and a man in the services who is confined to barracks is that the man on bail can go to his work and maintain his family, while the man in the services is deprived of his pay and allowances during the period he is under charge. I feel that 90 days is a very long time to hold a man, even under open arrest. I do not believe he would be under open arrest, anyway. My experience with commanding officers is that they generally like to tie you down and keep you where they can get you when they want you.

Mr. Campney: I might say that a man under charge, before he is tried, does not lose his pay and allowances. I might give some examples of the need for this clause. We had several cases in Korea where serious offences were charged and we had to bring some witnesses from Canada to Korea. We have had charges of murder in Germany. It is not so easy to find out all the facts in such cases in a foreign country. This power will not be used lightly, but in serious cases it is necessary, and I think it is very necessary to the proper functioning of trials under military procedure. As I said when I was making some remarks a few minutes ago, on occasions 90 days is not a very long time in which to prepare the evidence in a serious charge.

Mr. Gillis: The pay and allowances are not affected?

Mr. Campney: Not affected until the trial, no.

Clause agreed to.

On clause 7—*Majority vote.*

Mr. Hamilton (York West): Would the minister give us his explanation of clause 7?

Mr. Campney: This represents a change in procedural law. At the present time the judge advocate merely advises the court-martial as to what is the law. This provision would extend his duties and his responsibilities to the point where he will decide what the law is. In other words he will be somewhat in the position of a judge with a jury. The lack of this authority by the judge advocate, it is felt, has led to some unfairness to accused persons on a number of occasions where trials within trials on the admissibility of evidence have taken place in the presence of the members of the court. It is not felt that such procedure has been altogether fair to the accused.

Since normally the only official of the court who is a lawyer is the judge advocate, it is felt it would be more in the interests of the accused obtaining a proper trial if the judge advocate were made responsible for directing the court-martial as to what is the law,

and then the court-martial, having taken their law from him, can make any finding they see fit on the facts.

Mr. Hamilton (York West): In connection with that section, does the minister see the change in procedure amounting to this. If the matter of the admissibility of evidence is raised by counsel, the court-martial board retires in the same way as the jury retires and the judge advocate hears the evidence dealing with the admissibility of the evidence and makes a ruling on it. Then the board comes back. Is that the process we see developing here?

Mr. Campney: That would be the practical result of this amendment.

Mr. Hamilton (York West): If that is the case, do we also show the judge advocate as being removed from the court at the time consideration is given to the decision, or does he continue to sit with the board all during that time?

Mr. Campney: It is my understanding that the judge advocate does not sit with the court when it makes its decision.

Mr. Hamilton (York West): Under the present procedure, does he not sit with the board during periods of debating the decision, even to the extent of suggesting appropriate lengths of sentences and things like that?

Mr. Campney: No. I understand a change was made in 1948.

Mr. Hamilton (York West): I am getting to be an old man; therefore I am not up to date on these things. If there is assurance of that procedure being followed we can possibly say that this clause is satisfactory. What everyone is concerned about is that the judge advocate does not act both as judge and jury. We have talked about setting it up on the basis that it would be closely akin to the civil process of judge and jury. If it is currently in the act or in the regulations—I have not noticed it—that the judge advocate does not sit in at the time the decision is made, I think we can safely say that we have separated the law from the peers of the accused, which in effect may not be a true statement of military law, but it still does what we are trying to achieve, namely to have the accused tried by laymen.

Mr. Campney: I cannot give the number of the section offhand, but the act now provides that the judge advocate shall not sit with the court-martial when the finding is being considered.

Mr. Herridge: Some four or five years ago it was brought to my attention that a permanent army sergeant had stolen a jeep engine and that he had been court-martialled. The finding of the court-martial was that he was to lose 52 days' pay and retain his rank. This was brought to my attention by other members of the armed forces. I took it up with the proper authorities and they told me I was all wet, it was not true. Anyway, after investigation they found out that it was true. It had a rather bad effect on the other men concerned with military discipline and things of that sort. Will this section prevent the recurrence of such a situation as that?

Mr. Campney: The punishment awarded, whatever it may be, is entirely in the hands of the court. The judge advocate has no part to play, nor has he any right or duties in connection with the imposition of punishment, except to ensure that it is a legal punishment. While I do not know the facts of the case to which the hon. member has referred, it might be just a bad judgment of the court. I am not familiar with the case.

Mr. Hamilton (York West): This is an observation on this section. In keeping with the general trend of thought about the death penalty in connection with offences under the civil law, has the department given any consideration to making it necessary to have a unanimous verdict of a general court-martial before the death sentence may be imposed?

Mr. Campney: No; I must say we have not given any serious consideration to changing the law in that respect. A death penalty awarded by a court-martial must of course be approved by the governor in council, which means that a review takes place.

Mr. Hamilton (York West): In connection with a matter as serious as this, and having regard to the legal history behind the death penalty and the jury's verdict, might I suggest that the department consider under the circumstances that the two-thirds vote which may impose a death penalty be changed to a unanimous vote of the general court-martial. I might refer to the fact that an appeal which may be made to the minister here is no different from an appeal that eventually may be made to the governor general in council in connection with criminal offences.

Mr. Winch: May I suggest that if the advice of the hon. member who has just spoken is followed by the Minister of National Defence, if he has any ideas on the subject whatsoever and takes the advice that has been offered he should make his representations before the joint committee of

the Senate and the House of Commons which is now sitting on the question of capital punishment.

Mr. Cameron (Nanaimo): I do not know whether I misunderstood the minister just now when he said that the imposition of any sentence was entirely within the power of the court. Does that mean that there is no limit on the kind of sentence that they may impose, or is there a limitation such as we have in the Criminal Code?

Mr. Campney: There are limitations. What I was trying to point out was that the judge advocate has no power to decide the question of sentence; that is entirely a matter for the court-martial. I was trying to divide the two points.

Clause agreed to.

On clause 8—*Authority.*

Mr. Hamilton (York West): Perhaps the minister will explain the reason for the addition here.

Mr. Campney: This is an attempt to cut down the time and expense involved in appeals under certain circumstances, by reducing the number of appeals. As the law stands now the court-martial appeal board may find an appellant guilty of an included offence or on an alternative charge, but in such a case it cannot impose a greater sentence than that already given. This is to provide that the minister or some other authority which he may appoint can do these two things himself rather than sending the case to the court-martial appeal board. In other words, if he sees or his officials see that a case has gone wrong and the court-martial appeal board will undoubtedly substitute another finding, he can himself do that and avoid the loss of time and the cost involved in an appeal. It is felt that this provision will be in the interests of justice and will reduce the number of court-martial appeals.

Mr. Hamilton (York West): This clause certainly does grant fairly wide administrative powers to the minister. I can appreciate the additional wording in connection with subclause (b) (i) which reads:

> The tribunal could on the charge have found the offender guilty under section 120 of that other offence,—

Here of course we have a relationship to the types of offences which are committed. Ordinarily, it is the case of the minister making a decision on a lesser offence than that with which the man was originally charged. The second part of the additional section reads:

> The tribunal could have found the offender guilty of that other offence on any alternative charge that was laid.

Here we have the situation where some other type of offence might have been laid without there being any relationship to the first offence. In all fairness we might have evidence which had very little to do with the alternative charge laid, yet the minister is to be granted full authority to convict on another charge which apparently was either set aside, was not heard or was disposed of probably in some cursory manner. Here we have the minister having the right to reinstate under this section. Is there any particular reason why those words should be included?

Mr. Campney: I should like to make three observations. First, under no circumstances can the minister increase the punishment. Second, the man may still appeal if he wants to; he does not have to accept this disposition of his case. Third, as regards an alternative charge, I understand that practically speaking that would mean a lesser charge. The two charges which the hon. member mentioned are different charges; they are not alternative charges but are based on two different sets of facts. It seems to me that the permissive power to be given under this section could not possibly prejudice the accused and it might possibly shorten his agony as to what is going to happen to him.

Mr. Nowlan: It is clear that this can be done only with the consent of the accused; the minister cannot substitute a conviction for one offence after the accused has been convicted in error on another. I am thinking of the man who has been convicted in error, as the section says, or on insufficient evidence.

Mr. Campney: His consent is not required.

Mr. Nowlan: Do I understand that the minister can substitute a conviction for another offence without consulting the accused, when possibly if the accused went through on appeal he could win an acquittal?

Mr. Campney: The only offence to which we need address ourselves is an included offence or an alternative offence charged in the information. If one of these lesser charges is substituted the accused can still appeal in respect of that charge.

Mr. Nowlan: I realize that clause (a) is a recapitulation, but we are passing it now and it covers a situation where a man has been convicted illegally or where his conviction cannot be supported by evidence. That is

going a long way. In other words there is no evidence to justify his conviction, yet the minister is given the power to convict him for some other offence when it appears from the evidence the service tribunal was satisfied with the facts established. If they made an error in the first place they might very easily make an error in the second place. I think the minister should not be able to substitute a conviction where a man might want to appeal and take his chances on getting acquitted entirely; instead of being convicted of murder the minister might convict him of manslaughter, just to use a simple expression.

Mr. Campney: The powers under discussion are vested in the appeal board. This is merely a narrow selection of cases where it appeared obvious the minister might properly act. If in the circumstances mentioned by the hon. member the minister, having all the facts before him, substitutes a lesser offence he still has 14 days to appeal if he wants to.

Mr. Harkness: I do not understand the phrase in line 13 which reads "if it appears that the service tribunal was satisfied of the facts".

Mr. Nowlan: When they made a mistake.

Mr. Harkness: There is no transcript made of their proceedings and observations. It might be that two members of the court-martial board might think a man was guilty and another member might not think he was guilty. There might be quite a bit of discussion before they eventually come to a majority decision. I do not see how it can be said "if it appears that the service tribunal was satisfied of the facts" particularly when you are going to change the offence. I do not see how it is possible to say that they are satisfied or not satisfied.

Mr. Campney: When a service tribunal comes to a decision, whatever it may be, I think it must be assumed that they are satisfied as a tribunal of the facts on which they have reached a decision. It seems to me that under those circumstances this clause does have a meaning, because if certain facts are required to prove a certain offence and a man is found guilty of that offence, I think one might be permitted to deduce that those facts were accepted.

Mr. Harkness: I assume that what you are going to do is take the transcript of the evidence at the trial and decide from the evidence as to the facts. If the tribunal have found him guilty of a charge on which they could not properly find him guilty you are going to say that the facts as shown in the transcript are correct and find him guilty on another charge.

Mr. Campney: I think the minister is limited in this case, as the tribunal would be, to the charges that are laid. He cannot substitute new charges; you have to work within the charges laid or within the included charges which are set out in section 120. You are not permitted to substitute new charges and prejudice the man's position. We must go back to the point with which I started, that consent is not being asked to permit the minister to change the charges or to give additional punishment or to do anything more harsh to the man than he is faced with under the existing circumstances.

This provision if enacted will enable the minister to obviate all the expense and time involved in holding a court-martial appeal board hearing and to come to a decision which is obviously the proper one on the facts. We have had cases where a new trial would be onerous and probably would get nowhere. By the time the matter was reheard witnesses might have disappeared and so on. I should like to give assurance that this is not an attempt on the part of the minister to pre-empt the rights of the court-martial appeal board, but to expedite decisions of cases on the facts.

Mr. Harkness: Perhaps the minister could make this clearer by giving us a definite example of how this subclause (a) would apply.

Mr. Campney: The section to which I referred gives an example. A person charged with attempting to desert may be found guilty of being absent without leave. It involves a question of intent. As any lawyer will know, there are all kinds of offences where a lesser offence is included in the greater. That is where some of the judges go wrong, when they find a man guilty of a greater offence than the facts might reasonably warrant.

Mr. Harkness: I think the examples the minister gave would be more applicable to (b) than to (a). I can see where they would be applicable as far as (b) is concerned but, unless (a) and (b) cover the same ground, I do not quite see how they apply to (a).

Mr. Campney: As a matter of fact I must say that the two sections cover largely the same field, but (b) is probably more detailed and specific than (a).

Mr. Hamilton (York West): I would say it is wider.

Mr. Campney: More detailed, too.

Mr. Cameron (Nanaimo): I wonder if the minister could tell us how he defines the word "finding" in subclause (a). I am not a lawyer and I do not know, but I would have thought that in the case of a charge there are only two things that can be done; either the charge is proved and the accused is convicted or the charge is dismissed and he is acquitted. How can you bring a new finding relating to the same charge? I admit it is something I do not understand.

Mr. Campney: A man might be charged with stealing, for example, and he might be found guilty of improper possession. A question of motive may be involved. Or he may be found guilty of attempted robbery when he has been charged with robbery. They are gradations of the same basic offence.

Mr. Cameron (Nanaimo): With all respect, Mr. Minister, I suggest that you are speaking now of an alteration in the charge. Subclause (a) refers to the same charge. You have to find a new finding on the charge of robbery, not a new charge of illegal possession of goods. I submit that there can be only one other new finding, and that is the dismissal of a charge.

Mr. Campney: It has always been my understanding that if a man is charged with a serious offence such as robbery it is open to the court to find him guilty of attempted robbery or a similar crime of lesser degree than robbery on the facts as they are brought out. That is a new finding, but it is a lesser finding based on the set of facts.

Mr. Cameron (Nanaimo): Is that not what is set out in subclause (b)? It does not seem to apply to subclause (a).

Mr. Campney: As a matter of fact, perhaps it would be helpful to the hon. member if I dealt with one other section of the act which may clear up the question of a finding in relation to a previous finding. Section 172, subsection 1, says:

> The minister, and such other authorities as he may prescribe or appoint for that purpose, may substitute a new finding for any finding of guilty, made by a service tribunal that is illegal—

That is, in his opinion.

> —or cannot be supported by the evidence, if the new finding could validly have been made by the service tribunal on the charge and if it appears that the service tribunal was satisfied of the facts establishing the offence specified or involved in the new finding.

That is how the section stands at present. The proposed clause would apply it to other cases where, in the opinion of the minister or an authority appointed by him, a new finding should be substituted.

Mr. Cameron (Nanaimo): So far as I can judge it is the very same thing as we have in front of us.

Mr. Campney: I probably should have said that the part I read is the present (a) part of the section. Part (b) is only to elucidate, extend and clarify, and I do not see that any great change of principle is involved.

Mr. Harkness: The only difference that I can see between (a) and (b), after all this talk about the matter, is that in (a) this change is made to a lesser finding if it appears that the service tribunal was satisfied with the facts, whereas under (b) they provide that the minister or whoever he appoints can substitute another finding if it appears that the facts prove the accused guilty of that other offence. In this first case, as I said a short time ago, it seems that if the majority of the court found this man guilty of an offence which they legally could not find him guilty of, the minister may then find him guilty of a lesser offence on the facts which the transcript of evidence would show these people had accepted. In this second case what is the situation, that the facts proved him guilty? Does the minister or the officer appointed by him just take the transcript of evidence and hold a new trial on it himself?

Mr. Hamilton (York West): As it is now six o'clock, could I suggest that the minister might bring us after recess an example or examples of what might happen in each one of those subsections in that section? As I see it, dealing with (b) (ii), I think there is an extension when you deal with any alternative charge.

The Deputy Chairman: Shall clause 8 carry?

An hon. Member: No.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: When the committee rose at six o'clock clause 8 was under discussion. Shall the clause carry?

Mr. Hamilton (York West): I think we had asked before recess that the minister obtain

for us some examples of the various methods of handling more than one charge under paragraphs (a) and (b) of the section.

Mr. Campney: Yes. We were all possibly getting a little bit confused with respect to this section. The hon. member for York West suggested that I might prepare an example under each of the subclauses (a) and (b) (i) and (b) (ii) illustrating how we would deal with a situation under each of those subclauses. This I have attempted to do during the dinner hour, and possibly it will be helpful to us.

Under subclause (a) a man charged with desertion may, under the power granted by section 120 of the National Defence Act, be found guilty of absenting himself without leave. If a man is convicted of desertion and, on review, it is found that there is no evidence of intention—something which is, of course, an essential ingredient of the offence of desertion—the minister may, under clause (a), on the same facts substitute a finding of guilty of absenting himself without leave.

If I may, I shall now turn to subclause (b) (i) and consider the case of a man charged under section 76 with using threatening language to a superior officer, but who could be found guilty of behaving with contempt or of using insulting language to a superior officer. If he is convicted of using threatening language and there is not sufficient evidence to establish this fact, there may, however, be sufficient evidence that he behaved with contempt or used insulting language. Under clause (b) (i) the minister could, under such circumstances, substitute a finding either of using insulting language or of behaving with contempt, whichever the record appeared to support.

To come to subclause (b) (ii), a man charged with theft and alternatively with negligently failing to account for property set out in the theft charge, might be originally convicted of theft. But the record might disclose that the evidence adduced in support of the theft charge actually showed a failure to account, and that this failure arose out of negligence rather than from wilful misappropriation which is, of course, an essential ingredient of a conviction for theft. If it was felt that the record did not support a finding of wilful misappropriation—that is theft—the minister could, under subclause (b) (ii), substitute a finding of guilty on the charge of negligently failing to account.

The Chairman: Shall the clause carry?

Mr. Fulton: No, Mr. Chairman. In the light of the explanation given by the minister, does it not appear as a fact that the minister may in effect quash a conviction where a charge has been laid in the alternative? Where the court has found that the accused is not guilty of one branch of the alternative but is guilty of the other, does it not follow that the minister could quash that conviction and sentence the accused on the charge on which the court found him not guilty?

Mr. Campney: I am informed that the practice is that where a man is convicted of an offence the alternative offences are not dealt with. The first review, as a matter of fact, of every conviction is made by the judge advocate general. Each conviction is reviewed by him, and the judge advocate general advises me if there is any reason to do so. This section is for the purpose of permitting expeditious handling of certain cases where the facts and the record warrant a change and where it is obvious what will happen if the case goes on through the long procedure to the court-martial appeal board.

Mr. Fulton: The thing that bothers me is this. If a man is accused of alternative charges, one the major charge and the other the lesser, I should like to know what the explanation is of the fact that if the court finds him guilty of the lesser charge the minister may nevertheless in effect quash that finding because it is illegal, or because it cannot be supported by the evidence, and find him guilty of the major charge. That is the thing that bothers me.

Mr. Campney: Practically speaking, it is not open to me as minister to find a man guilty of a major charge if the court has found him guilty of a lesser charge. In practice it works only the one way. I can find him guilty of the lesser charge if, on the advice of the judge advocate general, I do not think the facts warrant a conviction on the greater charge.

Mr. Fulton: I am glad of that assurance, but I wonder if the minister could just carry it one step further and point out to me—and I am sorry to be obliged to delay him—the basis upon which he says it works in that way. I shall be glad to think it works in that way, and I shall be glad to know it works in that way. I just want to be convinced that you can only substitute for the sentence of the court a conviction on a lesser charge.

Mr. Churchill: While the minister is thinking about that matter, may I ask this question. Would not the word "lesser" substituted for the word "other" meet the suggestion of my hon. friend?

Mr. Fulton: Why not substitute "lesser offence" for "some other offence".

Mr. Campney: I am informed that the use of the word "lesser" would mean changing a whole series of sections throughout the act. The phraseology in this particular clause agrees with the general phraseology of the act. I think it is quite clear that where a number of charges are laid the major charge is the one on which the man is tried. If the court does not reduce the charge to a lesser one, then it is still open to me to do so, on the advice of the judge advocate general, after perusing the record.

Mr. Fulton: What I am asking is this. On what authority, under this clause, does the minister say that he cannot quash the finding of the court and direct a finding that the accused is guilty of the major charge? Suppose he is charged with A. I am not using legal phraseology here. Suppose he is charged with A or B or C, and that A is the major one. Suppose the court finds him not guilty of A but guilty, let us say, of B. What I want to know is this. Where is the authority for the statement the minister has made that he cannot quash that conviction and direct a verdict of guilty under A? The minister has told me that he cannot do it. I shall be glad to be convinced that he cannot do it, but I want to know the authority for it.

Mr. Hamilton (York West): Might I interject at this point that if I read section 175 properly, even though the conviction might be on a higher charge, as I understand section 175 the punishment could be no greater than that which was previously handed out on the alternative sentence.

Mr. Campney: That is right. Under no circumstances could I increase the punishment.

Mr. Hamilton (York West): That would answer my hon. friend's question.

Mr. Fulton: No, it would not answer it at all. I say that with respect. I am sorry to differ with my hon. friend. I think it is an important principle that a man should not be found guilty and convicted of a major charge where the court itself has convicted him of a lesser one. I want to know on what authority the minister said he cannot convict him of a greater charge. That is all I want to know. I am not concerned with sentences.

Mr. Hamilton (York West): Under those circumstances my observation would not apply. I think my hon. friend is quite right.

Mr. Campney: I must say that charges are not set out in the act as greater and lesser. While it is theoretically possible that the minister might find a man guilty on what some people would call a greater charge, the governing factor is he could not give him a greater sentence than that given at the first trial. Practically speaking the charges would be graded downward. If the minister were to find that a man had been properly convicted on a major charge he would let the conviction stand. It is only where he thinks the major charge, if you wish to call it such, has not been proven that he might find the accused guilty of the lesser offence.

Mr. Fulton: What happens in a case where a man pleads guilty to one of these alternative charges? Can the minister find that the evidence does not warrant that plea, reverse the plea of guilty and direct a plea of guilty on one of the other charges?

Mr. Campney: I do not see how that case could arise, because there would be no evidence at all taken for the minister to review.

Mr. Fulton: Oh, yes, there might be. A plea of guilty might be entered after the prosecution had completed the submission of its evidence. I will put it this way. I was not able to follow the reasoning of the minister as to why the word "lesser" could not be substituted for the word "other". The minister referred to a whole series of sections and said that the wording would require changes. But as this itself is an amendment why would that be necessary? Why would the word "lesser" not be accepted?

Mr. Campney: I think for the simple reason that throughout the act offences generally are not graded. They are bracketed in groups, but they are not graded under the terms "lesser" or "greater", or any such terms. If you insert into the act the word "lesser" you will be in a good deal of trouble with respect to other sections.

Clause agreed to on division.

Clauses 9 and 10 agreed to.

On clause 11—*Exercise of chairman's powers by other members.*

Mr. Pearkes: Clause 11 enables the chairman of the court-martial appeal board to delegate his powers and functions to any other member of the board but, as set forth in section 190 of the act, there are certain qualifications laid down for the chairman of the board. Under subsection 2 (a) the chairman must be a judge of the exchequer court or of a superior court of criminal jurisdiction. It is not necessary for all members of the appeal board to have those qualifications. Surely if the chairman of the appeal board is going to delegate his powers to another member of the board that member should at least have the same qualifications as are required of the chairman.

Mr. Campney: The act provides that certain procedural matters are to be dealt with

by the chairman of the board. As a matter of fact he has found it very difficult at times to arrange hearings, sittings and so on. It is only his powers as chairman that are involved, not his powers as a member. He has found it very difficult at times to make such arrangements promptly, bearing in mind his other duties. The present chairman is Mr. Justice Cameron of the exchequer court, and he has asked that some provision be made so that interlocutory matters, disposition of details of hearings, subpoenaing witnesses and so on, may be dealt with by one of the other members of the board.

Mr. Pearkes: I quite understand the desirability of an alternative chairman or some other member of the board being able to assume the duties of the chairman, but surely that other member should have the same qualifications as are laid down for the chairman, because the act says very clearly that the chairman must be a judge of the exchequer court or of a superior court of criminal jurisdiction. You might have a member of the board who was not a judge of the exchequer court or of a superior court of criminal jurisdiction who would be acting chairman. It seems to me if you are going to delegate the powers of the chairman you should at least delegate them to somebody having the same qualifications as are required of the chairman in the first instance.

Mr. Campney: Subsection 2 (b) of section 190 provides that a member of the court-martial appeal board other than the chairman must be a judge or retired judge of the exchequer court or of a superior court of criminal jurisdiction, or a barrister or advocate of not less than five years' standing.

Mr. Pearkes: Exactly; so that you might have a barrister or advocate with five years' experience acting as chairman when the chairman himself must be a judge.

Mr. Campney: I do not see that any prejudice is created by the fact that the actual chairman, who has superior qualifications if you like, is temporarily otherwise engaged. The work of the court must go on.

Mr. Fulton: Would it meet the point the minister and the department have in mind and at the same time preserve the principle the hon. member for Esquimalt-Saanich has in mind if you inserted the word "administrative" before the word "powers"? I take it what is in mind there is merely to give to someone else power from time to time to administer this board so the personal attention of the chairman will not always be necessary while the chairman is engaged in his duties as a judge of the exchequer court. Would, therefore, the insertion of the word "administrative" meet the one point while preserving the other principle?

Mr. Campney: I do not know what the definition of that word would be in this act.

Mr. Fulton: I am thinking of the intention.

Mr. Campney: It seems to me that the calibre of the chairman of the court-martial appeal board is such that the matter can be safely left to him. I have told hon. members what is the view of the present chairman, and what he has in mind. I think the same would also be true of any subsequent chairman. I do not see that any prejudice will arise from this power of delegation which is being sought at the request of the present chairman.

Mr. Pearkes: I still come back to this point. Could the section not be limited so as to provide that the acting chairman must be a judge or ex-judge, and not merely a barrister or advocate of not less than five years' standing?

Mr. Campney: In view of the difficulty we have now in finding judges for extra work of this nature, we ought not to make it more difficult. I am very sure in my own mind that this power will only be used by the president of the court in a reasonable and sensible way, and I do not think I would want to change the scope of this authority.

Mr. Fulton: The minister may not appreciate the point that the original intention of the act was to appoint a person of judicial experience as chairman of the board. Then to assist him there may be appointed as members of the board those who have had judicial experience and, as additional members, barristers who have had at least five years' experience as practising barristers or advocates. In other words, the whole effect of the scheme is to ensure that as chairman and senior members of the board there will be persons who have already had judicial experience.

This section, if the proposed amendment carries in its present form, opens up the possibility that in place of the chairman, who must now be a judge of very considerable experience, you may appoint a man who has had no judicial experience at all. This might not be the intention, or the minister might believe it is something that will never take place, but it is a possibility. I submit in all seriousness that we have to examine what may be the effect of the statute. I am sure it would not be a desirable effect if the power and functions of this man of experience and judicial capacity be capable of delegation to a person of no judicial capacity.

Mr. Hamilton (York West): I should like to add to the remarks of my learned friend —at least, my hon. friend—

Mr. Fulton: Learned and honourable, I hope.

Mr. Hamilton (York West): Both. I think his argument is very sound, especially in view of the fact we lead up to this clause through a maze of sections giving what might be described as very wide discretionary powers, considerably wider, I think, than one would find in most legislation dealing with our civil courts. With all due respect to the members of my profession, I do not believe any of us would be very happy to place in the hands of a man who is qualified to be a member of this appeal board on the basis of having had five years' experience as a barrister the wide powers which have been set out for the chairman of the board. I believe the criticism is on very sound ground. I believe it should be indicated in this legislation that the person to whom the powers were to be delegated should have the same qualifications as the chairman himself.

Mr. Campney: As a matter of fact—

Mr. Pearkes: I was just going to call attention to this, that this court-martial appeal board has only recently been set up. I feel it is an excellent measure which was introduced about two years ago. Prior to that the appeals went to a very senior and experienced army, navy or air force officer, as the case might be. These are appeals from general courts-martial on which one would expect senior officers with experience to be sitting, with legal advice behind them. In years gone by when there was an appeal by the man who was convicted that appeal received the most careful consideration from very experienced senior officers.

This appeal board is an alternative way of dealing with the appeal. I have no objection to it, in fact I believe the appeal board is good. But I do believe some degree of experience should be expected from the appeal board, and particularly from the chairman of that board. In fact the original act provides for that by saying that the chairman must be a judge. This amendment is going to allow a barrister or advocate of very junior capacity to act as chairman. All that is required is five years' experience as a barrister, and he may be a man junior in experience and in age to the chairman of the original court-martial. It seems to me that in order to do justice to the serviceman who is appealing, the serviceman should have the right to have his appeal heard by a man of eminent judicial capacity.

Mr. Campney: The chairman of the court-martial appeal board has, I think, three main duties. First, he has the duty under section 195 to make the rules of court which have to be approved by order in council. This is not necessarily a continuing function, although he must continually observe and determine whether any changes are required.

Then under section 190 he has to preside at all sittings of the board unless he delegates another member to preside in his place.

Again under subsection 4 of section 190 we find:

> The minister may require the court-martial appeal board to sit and hear appeals at any place or places, and the chairman of the board shall arrange for sittings and hearings accordingly.

This is where the chairman finds that he gets into difficulty sometimes, because he cannot devote his full time to checking these detailed arrangements. It is in regard to that particular section that he would like to have the authority to delegate his power. In respect of the first two powers, if he wants to change the rules such changes must be approved by the governor in council, and on the question of presiding he can now nominate any of his co-members to be chairman for the time being.

Clause agreed to.

Clause 12 agreed to.

On clause 13—*Execution against officers and men.*

Mr. Hamilton (York West): I gather that this section is designed to enlarge the rights of creditors against members of the armed forces in so far as the execution of judgments obtained in the civil courts is concerned. Perhaps the minister might let us know if this section does provide an opportunity to garnishee wages, or if that is excluded? I cannot tell from reading the section whether or not there is any restriction in that respect. If the section does permit that, is it something that is desirable?

Mr. Campney: The proposed amendment does not permit garnishee proceedings, the reason being that in garnishee proceedings you are really suing the crown. This amendment does not alter that position.

Mr. Hamilton (York West): Clause 13 reads:

> No judgment or order given or made against an officer or man by any court in Canada shall be enforced by the levying of execution on any arms, ammunition, equipment, instruments or clothing used by him for military purposes.

This would appear to be an all-inclusive restriction and the only one which would confront a creditor. Is there a restriction

on the pay contained in some other legislation that the minister may be able to inform me about?

Mr. Campney: I do not think any section of this act deals with that matter. It is just a general principle of law that you cannot garnishee the crown. This proposed section exempts from execution only those articles of equipment of which the man has possession.

Mr. Hamilton (York West): The net result is that we have a situation where the ordinary creditor has access for execution to everything except what might be considered military equipment, but is there a restriction in the general sense on proceeding against it.

Mr. Campney: According to the section.

Clause agreed to.

On clause 14—*Offences committed outside Canada.*

Mr. Harkness: This clause has to do with the jurisdiction of civil courts. Can the minister tell whether this is a practical sort of provision? I am wondering, for example, how the witnesses to a crime committed outside of Canada, we shall say, perhaps in Korea, in Germany, or some place else, could be brought here to give evidence before a court in Canada? This provision provides that a civilian with the forces who commits a crime outside Canada can be brought to Canada and tried in any court in Canada. It does not seem to me to be a practical provision from the point of view of witnesses.

Mr. Campney: This is in the nature of a permissive section. In each case it would have to be decided whether in the interests of economy, availability of witnesses, etc., it would be better to have the trial overseas or have it here. For example, this fall we shall be rotating a whole brigade. There might be some outstanding litigation involved. With respect to the air force, the change is gradual; it goes on all the time. There are cases where it would obviously be better and more effective to have the trial here although the offence took place abroad. The purpose of this section is to permit the decision to be made as to where the trial shall take place, on the grounds of economy and effectiveness.

Mr. Nesbitt: I have a question to ask the minister on procedure. When it is decided that the trial shall take place in Canada, who sets the venue for the trial? Has the accused any appeal respecting the change of venue if the place of the trial does not suit him?

Mr. Campney: I think the ordinary rules would apply. In the first instance the judge advocate general would select the place where the charge is to be laid. The accused can then always apply for a change of venue, just as in civilian procedure.

Mr. Hamilton (York West): I am wondering whether there is a tendency toward extraterritorial effects in this clause. That is, in the first instance will the accused have any choice as to whether he should be tried by the courts of the jurisdiction in which the offence takes place? I assume he would be regarded in the category of a civilian attached to the armed forces, and the charge would simply be laid under the armed forces act and he would have no choice as to where he would be tried.

Mr. Campney: I do not think the accused would have any choice as to whether the trial should be here or abroad, if I understood the hon. member correctly. In most cases, practically speaking, it is the judge advocate general who would elect. There is no desire to interfere in countries abroad with which we have treaties. But as I said a few moments ago, there may be a few cases where it would be better to have the trials here.

Mr. Nesbitt: This goes back to a question I asked the minister a bit earlier. I am curious about this, since I presume from what the minister said that the judge advocate general sets the venue. Would it be set on the principle that it should be held some place near national defence headquarters, around Ottawa, or what would motivate the judge advocate general when he set the venue? I believe the minister said that if the venue of the trial were not suitable to the accused he could move under the ordinary rules of procedure to change it; but he could only change within the province where it was originally set, according to our rules of criminal law. It brings up the question whether this whole clause legislates with regard to procedure rather than substance. For instance, if for various reasons the judge advocate general picked Ottawa, which is in Ontario, as the venue, and the accused wanted the venue moved to British Columbia, under our present rules he could not move for a change outside of the province in which he lives.

Mr. Campney: I think the jurisdiction, if you wish to call it such, of the judge advocate general would be purely administrative. This has to do with civilians and the information in each case would naturally be laid in the place from which the person came. But someone has to decide this matter. If a civilian

went abroad from Kingston the charge in all probability would be laid in Kingston. It is just a case of someone having to be responsible for initiating the matter.

Mr. Nesbitt: I follow the minister's remarks. That part is quite clear. But suppose the charge was laid in Kingston, as the minister suggested in his example, and the accused desired to have the venue changed to Winnipeg, let us say, which is outside of Ontario, under what procedure could that be done?

Mr. Campney: It could not be done. If he came from Kingston he would not be tried in Winnipeg. You do not change the venue from one province to another except under very exceptional circumstances.

Mr. Nesbitt: I gather from the minister's remarks that under ordinary circumstances, if the charge were laid in Canada under this clause, it would normally be laid in the province from which the accused came.

Mr. Campney: That would be true, yes.

Mr. Hamilton (York West): In connection with the jurisdiction under this legislation, is there generally an agreement among the various countries covering the situation so there is no dispute as to the jurisdiction in which the actual offence took place? I am thinking of an alleged murder taking place in the United States when a group of our forces may be down in Seattle or some place like that. Is this type of clause and this type of jurisdiction recognized by the United States in a case of that kind?

Mr. Campney: Yes, Mr. Chairman; the NATO status of forces agreements which have been signed by most of the countries concerned set out in detail the jurisdiction and powers.

Clause agreed to.

On clause 15—*Woman deemed to be widow.*

Mr. Pearkes: Clause 15 deals with amendments to the Defence Services Pension Act, and the first amendment introduced in this clause is to make provision for the common law wife of an officer in the services to receive a pension on the death of the officer with whom she had been living.

It will be recalled that the Defence Services Pension Act is divided into five parts. Part I deals in the main with army officers; part II has special reference to the navy; part III has special reference to the air force, and part V deals with those personnel who entered the service since March, 1946. Therefore this particular amendment deals solely with the common law wife of an officer who joined the army prior to March, 1946.

I regret exceedingly that the minister should have even thought that it was desirable to introduce such an amendment. The reason given is that this act is being brought into line with the Public Service Superannuation Act, but I submit that there is all the difference in the world between a gentleman holding the Queen's commission and who is expected to exercise powers of leadership, and an ordinary civil servant.

An officer's character should be unquestioned. I do suggest that if an officer is living with a common law wife then his character might very well be open to question, and he will not be able to exercise the same qualities of leadership as a man whose domestic life is above reproach. We know that common law wives are recognized in many respects, and no doubt they came in during the frontier days when a man had to live under pioneering conditions and quite often would take unto himself a native woman.

While life in the army may be considered in some respects as living on the frontier, especially in our northland, the fact is that there is ample opportunity for officers stationed in the north to return to civilization in order to have carried out the ordinary religious ceremony of marriage. There are in the services today hundreds of chaplains of all denominations, and there would be no difficulty whatever in an officer having a priest or chaplain of his own denomination available to carry out the marriage service.

I think it is fundamentally unsound and unwise to lower the high standards required of an officer who is expected to lead men in battle. I know that sometimes during wartime it is necessary to lower some of these standards, when you have to have a wide expansion of officer personnel; but this is dealing with regular army officers, career men who have entered the services with the idea of setting high standards for others to follow. I cannot believe there are many regular officers who were in the services prior to 1946 who would require this particular amendment.

This pension to the widow is not paid as of right, it is paid as a compassionate allowance and is granted under certain definite conditions. There are limitations as to those who may receive a widow's pension. Section 26 of the Defence Services Pension Act sets out the qualifications. First, an applicant must be in the opinion of the minister worthy of a pension. If in the opinion of the minister the applicant is wealthy she will not

receive a pension. And there are other qualifications. Surely high moral qualities are of more importance than wealth. I take strong exception to this amendment, and I hope the minister will see his way clear to withdrawing it inasmuch as it applies to the regular army officers in peacetime.

Mr. Campney: Mr. Chairman, first I should like to point out to the hon. member that clause 23, which I hope we will be coming to shortly, carries the same provisions in respect of part V.

Mr. Pearkes: I know that.

Mr. Campney: The purpose of this clause probably is not as narrow as the hon. member may be inadvertently suggesting. With the variation in divorce laws, even as between Great Britain and Canada, as well as other parts of the world, we have cases where people have regarded themselves as properly married throughout the great part of their lives. Then the man dies and it is found out that because of the interpretation of the laws of divorce in this country the widow has no pension.

These are not just cases of people living together in defiance of all the laws and conventions of society. A certain number of cases exist such as I have mentioned, where on the death of the spouse the widow finds herself faced with great hardship and difficulty, especially if she is left with a family. I think this principle has been well recognized in our procedure in Canada. It is approved in the Pension Act, the superannuation act, the War Veterans Allowance Act and was also approved in the dependents' allowances regulations.

I think it is well recognized that men and officers serving throughout the world serve under many difficulties, especially abroad, and occasionally find themselves in the position I outlined a moment ago. I would think that a provision of this kind, the principle of which has been well recognized for many years in other acts in Canada, would prove of considerable benefit for officers and men in the services and their dependents.

Mr. Pearkes: What is the position of a legitimate wife, still living, under the first paragraph of this amendment? Will she get a pension also?

Mr. Campney: I am informed that a legitimate wife living apart from her husband, unless she is living in such circumstances as would disentitle her to alimony or other support, would normally get the pension. In that case there is no question who would get the pension. There would be only one pension. I think we even fixed that last year for elderly generals.

Mr. Jones: What limiting factor is there regarding the service of the officer? Supposing an officer got his commission and served for five years and died; would the widow get the pension?

Mr. Campney: It would be governed by the rules with regard to pensions. I think the minimum period is 10 years.

Mr. Jones: It is rather misleading to mention seven years where the limiting factor is 10. I am going to suggest that this clause be altered and that the limiting factor be made 10 years. I have in mind a case of a young man, a corporal, who served in Germany for three years. He was killed in an accident, unfortunately, and his widow and two children cannot get a pension or allowance because he had not served for 10 years. Nevertheless he had given his whole life to the service of his country. That is not governed by any act. I think this act should eliminate the 10-year penalty.

The Chairman: Shall the clause carry?

Mr. Jones: No. I would like the minister to answer.

Mr. Campney: If I heard the hon. member rightly, I think the situation to which he referred would not be a matter for the Defence Services Pension Act which we are now amending but the Pension Act itself.

Mr. Pearkes: Surely service under part I is for 25 years. He must serve 25 years, unless he is compulsorily retired at 20 years.

Mr. Brooks: I was going to ask, Mr. Chairman, about subclause 2. It seems rather drastic. It says:

> If, upon the death of an officer or former officer, it appears to the treasury board that the widow of that officer had, for a number of years immediately prior to his death, been living apart from him under circumstances that would have disentitled her to an order for separate maintenance under the laws of the province in which the officer was ordinarily resident, and if the treasury board so directs, having regard to the surrounding circumstances, including the welfare of any children involved, she shall be deemed, for the purposes of this act, to have predeceased that officer.

That section, Mr. Chairman, really makes the treasury board the judge. It says, "if it appears to the treasury board". It does not have to be proven to the treasury board, and there does not have to be a court order or anything of that kind. The treasury board can simply say that this widow in their opinion is not entitled to maintenance and can even take it away from her children. I wonder if more proof is not required than seems to be suggested in this section. Surely there should be a court order of some kind.

Mr. Campney: From my experience I would say that the treasury board has to be

thoroughly satisfied as to the rights and merits of any case before it acts. If I read this section correctly it makes it possible for the treasury board, where such action is indicated, to take the pension which a widow would have received and give it to the children. It seems to me that may be a desirable provision. Someone has to make a decision, and the treasury board is familiar with such matters. I would think they can be safely relied upon to make a proper judgment in a matter of this kind.

Mr. Trainor: May I ask the minister if this provision applies to officers only and not to other ranks?

Mr. Campney: Clause 23 makes this applicable to other ranks.

Mr. White (Hastings-Frontenac): I should like to ask the minister this. Subclause 1 (a) refers to a period of seven years, and (b) refers to a number of years. Would the minister please tell me what is meant by "a number of years"? Is that two or more?

Mr. Campney: In this subclause, any number of years in the discretion of the treasury board.

Mr. White (Hastings-Frontenac): In the first case, under subclause 1 (a), there would have to be a period of seven years, whereas under subclause 1 (b) two years would be sufficient?

Mr. Campney: I understand the reason for the seven years in the first part of the clause is that the wife might be entitled to the pension.

Mr. White (Hastings-Frontenac): Why is there any difference in the period of years if we are going to apply this in principle?

Mr. Campney: Because, I think, the expectation under (a) is that there is a wife, and under the other that there is not.

Mr. White (Hastings-Frontenac): But at the same time under (b) there is nothing to prevent the parties from getting married, whereas there is something in (a), as one of them is married. You are making it much easier under (b).

Mr. Campney: The two cases are dissimilar because in one case there is a wife to be protected and in the other presumably there is not.

Mr. White (Hastings-Frontenac): In regard to the question asked by the hon. member for Royal in regard to the discretion of the treasury board, is there such a thing as an appeal to any court from a decision of the treasury board under this section?

[Mr. Campney.]

Mr. Campney: No, there is no appeal from a treasury board decision of this kind.

Mr. White (Hastings-Frontenac): Does the minister think that is absolutely fair?

Mr. Campney: I think experience has proven that it is reasonably fair. I have not heard many complaints about treasury board decisions on these matters. The really important fact in regard to treasury board decisions is that the board has personal knowledge of the regulations and assess these matters carefully. I think their work is done thoroughly and their decisions are completely unbiased. I have not heard any complaints about them.

The Chairman: Shall the clause carry?

Mr. Pearkes: On division.

Clause agreed to on division.

Clauses 16 to 26 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

VETERANS BENEFIT ACT

CERTAIN BENEFITS CONTINUED TO PERSONS JOINING REGULAR FORCES BEFORE JULY 1, 1955

Hon. R. O. Campney (for the Minister of Veterans Affairs) moved the second reading of Bill No. 278, to amend the Veterans Benefit Act, 1954.

Mr. Brooks: Mr. Speaker, is there any comment which the minister wishes to make on this bill?

Mr. C. E. Bennett (Parliamentary Assistant to the Minister of Veterans Affairs): Sections 8 and 12 of the Veterans Benefit Act, 1954, make available to certain ex-service personnel the benefits of the Reinstatement in Civil Employment Act and of the Unemployment Insurance Act, respectively. Originally, the reinstatement in civil employment provisions were restricted to those who were specially enrolled for the purpose of serving in the special force, or who belonged to the reserve forces and served on the strength of the special force.

In the case of unemployment insurance the provisions were extended to the same two groups and also to members of the regular forces who served on the strength of the special force in a theatre of operations and were discharged on medical grounds while on the strength of the special force.

In 1951 the benefits of the Reinstatement in Civil Employment Act were extended to all persons enlisting for service in the regular forces and who did not serve for more than

three years; and in January, 1953, the provisions of the Unemployment Insurance Act were so extended. It is now felt that circumstances have changed to the point where the granting of these benefits should be restricted to those who have had service in a theatre of operations or who are now members of the regular forces and qualify under the conditions which I have outlined above. The latter are aware that they have this coverage and it is proposed to cover all who will have enlisted before July 1, 1955.

It has never been the policy to consider as veterans those who serve in the regular forces in peacetime and who do so for a career. The other statutes mentioned in the Veterans Benefit Act apply only to veterans who were enlisted for the special 18-month engagement or had service in a theatre of operations.

I might repeat, Mr. Speaker, that the proposals will not affect any entitlement which those now serving may already have under the Veterans Benefit Act.

Mr. A. J. Brooks (Royal): Mr. Speaker, as I understand it this bill is to be referred to the committee on veterans affairs and no doubt it will be discussed in detail there. As we all know, the Veterans Benefit Act has been amended a good many times. It has been amended practically every year since 1950. As the parliamentary assistant has told us, it was passed in order to allow benefits which were given to veterans of world war II to be given to members of the special force who served in Korea during the Korean war, if we can call it that. I am sure everyone here will agree that this situation is as it should be. Korean veterans should receive and are receiving, we are glad to know, the same benefits as those which were given to veterans of world war I and world war II.

I think it is quite appropriate at this time to mention the fact that these veterans of the Korean war have given a good account of themselves. The last of the troops are now returning from Korea. As a matter of fact I think the last battalion has returned to Canada, and the other troops in Korea will soon be returning home. As we all know, these men gave a good account of themselves, as I have mentioned, in an extremely difficult fighting area, perhaps one of the most difficult in which men have ever had to fight. They have maintained the high standard that Canadian troops have always maintained in war, both in the first war and in the second war.

As to this particular bill—and as I said a moment ago it will be before the committee—there are two outstanding features. One is that it discontinues the benefits under the Reinstatement in Civil Employment Act. The second is the discontinuing of the benefits under the Unemployment Insurance Act. These benefits are discontinued on July 1 of this year. Up to July 1 any man who enlists in the Canadian army will receive the benefits of the Unemployment Insurance Act. Those who enlist after July 1 will not receive those benefits. In other words we shall have two groups of men serving in the Canadian army, namely one group of men who will receive benefits under the Unemployment Insurance Act—and these are of great value—and another group of men who will not receive those benefits.

On the face of it, Mr. Speaker, I must say that there seems to be discrimination there. A soldier coming back now or being discharged from the army, as I understand it, is entitled to 90 days' benefits under the Unemployment Insurance Act. Hence all these men up to July 1 will receive that benefit. It is my understanding that these benefits will not be available to soldiers who enlist after July 1.

I should like to ask the minister just why July 1 was decided upon as a cut-off date. I should also like to have his comment on the criticism I have made on the score of unfairness. I should like to know whether there is some substitution which is being made for the benefit of these men who enlist after July 1 in order to compensate them in the same way as those who enlist before that date. After being in the army for three years, a man turned loose in Canada even at the present time, when we have considerable unemployment, would have a difficult time to carry on and obtain a job.

The parliamentary assistant spoke about the men serving in peacetime. The peacetime as we have it today is entirely different from the peacetime we have had in the past. Today we have what is known as the cold war. Today a young man who enlists for three years might well expect to be thrown into a hot war in a short time. I think these men might be considered. I believe it would be a good thing to continue the unemployment insurance benefits for the men who are enlisting. It would give them a sense of security after their three years' time was up and they retired from the forces. I should like to have from the minister or the parliamentary assistant some comment on these criticisms I have made.

Mr. Deputy Speaker: If the parliamentary assistant speaks now, he will close the debate.

Mr. Bennett: Mr. Speaker, there is no particular significance with regard to the date

of July 1, 1955. I should like to point out to the hon. member for Royal (Mr. Brooks) that this date applies with regard to men going into the service. Anybody who enlists on or before July 1, 1955 will be covered by those provisions in the Veterans Benefit Act. As the hon. member knows, men are being enrolled and enlisted for terms of three, five and seven years. Hence a person enrolled in the regular forces now would still be covered for the next three years. The date of July 1, 1955 was set so it would not be unfair to anybody. Anyone who enrols or enlists in the regular forces up until July 1, 1955, is covered. The date was set far enough in advance so there would not be any unfairness.

As the minister said when he introduced the resolution, and as I said in the statement I have just made, it has never been the policy to consider as veterans those who serve in the regular forces in peacetime and who do so for a career. The other statutes mentioned in the Veterans Benefit Act no longer obtain or apply to people serving in the regular forces. I do not think the hon. member believes that the unemployment insurance statute or the civilian employment statute should so apply. It is on that principle, that people who follow a regular force career should not have the benefit of the Reinstatement in Civil Employment Act or the Unemployment Insurance Act, that this act is now being amended.

Mr. Brooks: In reply to what has been stated, may I just say that we now have the Unemployment Insurance Act which covers practically all civilians. We did not have that at one time when men joined the armed forces, but we have it now. My point is that a man who serves for three or five years in the army, and that has been his employment, should be treated just the same as the man who is employed in civilian life. In these days, when we are bringing everything up to date, I think we could very well include men in the army under our unemployment insurance scheme in the same way as we try to include our civilians. That is the point I was trying to make.

Mr. Bennett: Regardless of the merit of the hon. member's suggestion, I think he will admit that it does not come under the jurisdiction of the Department of Veterans Affairs. I would point out to him that the act as it now stands applies only to persons enrolled in the regular forces for three years. At the present time many of the engagements in the regular forces are for five years or seven years, and this act does not now apply to them. If there is any merit in the hon. member's suggestion I think it could be raised on the estimates of the Department of National Defence.

Mr. Brooks: I shall raise it in the committee.

Motion agreed to, bill read the second time and referred to the special committee on veterans affairs.

GREAT LAKES FISHERIES

MEASURE TO IMPLEMENT CONVENTION BETWEEN CANADA AND UNITED STATES SIGNED SEPTEMBER 10, 1954

Hon. Hugues Lapointe (for the Minister of Fisheries) moved the second reading of Bill No. 279, to implement a convention on great lakes fisheries between Canada and the United States.

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Speaker, the purpose of the bill is to approve the ratification of the convention on great lakes fisheries between Canada and the United States, and to provide implementing legislation to carry out Canada's obligations arising thereunder. The convention was signed at Washington on September 10, 1954, after prolonged negotiations extending over a period of many years. The fishing interests of Ontario and the government of Ontario were consulted on all aspects of the convention and were represented in the negotiations leading up to the signing of the convention.

The purpose of the convention is to improve the great lakes fisheries through co-ordinated action of governmental agencies in Canada and the United States. Over a period of years the decline in some of the principal stocks of fish in the great lakes has been viewed with concern on both sides of the border. The causes of the decline are not adequately known. The sea lamprey has been greatly increasing in numbers and threatening some of the valuable fisheries. The lake trout in particular have suffered from the depradations of this parasite.

At present research in the great lakes area on the Canadian side is being carried out by the federal government and the government of Ontario. On the United States side the federal government and eight state governments are engaged in similar research activities. One of the principal aims of the convention is to co-ordinate all these activities and direct them to common purposes.

The minister made a very thorough and complete statement at the resolution stage, and I do not believe I can add anything at the present time to what he said on that occasion. It is my intention to ask one of the members of the government to move that the

bill be referred to the standing committee on marine and fisheries when it receives second reading.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, in view of the fact that the bill not only involves the great lakes area but also involves the federal governments of two countries and the governments of the province of Ontario and eight states in the United States, I should like to make a few observations. The parliamentary assistant has just said that he is going to ask that the bill be referred to the standing committee; therefore I am going to limit my remarks and make them as brief as possible. We on this side of the house welcome the convention and regret that it did not come into existence years ago.

I am one of the members of the house who happen to live on the shores of the great lakes. I live on the shore of lake Huron, and in front of where I live the fisheries are carried on which are the concern of this parliament and are involved in this proposed legislation. Having lived there for some 25 or 30 years I must say that I am a bit more familiar with the difficulties that have been encountered by the fishermen than many hon. members of the house. Figures already placed on the record have revealed a condition that must be corrected, and only through research and co-operation among the higher levels of government will that result be attained.

People have the idea that all a man needs to do is obtain a fishing boat, set out a few nets, haul in the fish and sell them. I have become very well acquainted with some of these fishermen over the period I have lived there, and I know from experience that fate has not been very kind to the fishermen of lake Huron because of the damage caused by the sea lamprey which we are now attempting to overcome. I noted from the minister's statement of last March that some research work has been done. I think it was done around Manitoulin island as a joint co-operative effort of the federal government and the Ontario government, and I believe some degree of success was achieved. I thought the amount of money spent on the project was terribly small for the task involved, because the annual loss to fishermen is in the millions.

I think no one will disagree with me when I say that the fishermen and the two governments had plenty of notice of the condition, and that some measures should have been undertaken at least 15 years ago. The condition is becoming worse. I do not intend to put a lot of figures on the record because I know the department in Ottawa, through its research facilities, has all the figures available over the years as to the catch of the respective types of fish in the different lakes. But there is one point I should like to mention here. In looking at the figures I have seen it seems to me that some lakes and some particular species of fish are affected more than others. It would seem that the fishermen of lake Huron and lake Superior—no doubt lake Michigan too, though I do not know anything about it—have suffered more than the fishermen on the other lakes.

Fishing is not a highly paid profession to begin with. I recall that years ago the fishermen made good money when they could get a decent price. The unfortunate part about the industry is that while there are certain times of the year when they get high prices, immediately after Lent, for instance, whitefish or pickerel for which the fishermen have been getting 55 or 60 cents a pound drop to 5, 10 or 15 cents a pound, and at times cannot be sold at any price. This is startling but true. You cannot see the result of that in the retail stores, but there it is. The fish caught by the fishermen of the great lakes go to great centres such as New York and Chicago. I know that a lot of lake Huron fish goes to New York.

This is an interwoven picture, but I want to deal with Ontario. I believe the Ontario government grants licences to the fishermen and tells them how many nets they may set out. I believe such licences cost about $50 per net and entitle the fishermen to lawfully fish these waters. The minister made a statement that can probably be clarified in committee, because I do not understand it. He said that in Canada fisheries are the responsibility of the federal government. I suppose in so far as the great lakes are concerned that might apply to the distance from our shore United States fishermen may come, and things of that sort. I cannot quite grasp what the statement really means.

I am going to place two or three figures on the record to substantiate the argument that this convention should be operative just as soon as possible. I cannot give the name of the newspaper that was the source of this clipping, but apparently it is from some reliable newspaper. I believe the figures have been reported before in this house. No doubt the department also has figures which substantiate the fact that there has been a severe drop in the catch over the last few years. I recall that years ago we did not have anything preying on these fish, but now each year the catch seems to get less and less. These figures corroborate what the minister said, and certainly substantiate completely the

facts put on the record by the hon. member for Elgin (Mr. McBain) in his fine presentation during the resolution stage.

I believe the house will be alarmed to note that in the Georgian bay area, which is part of lake Huron, there was a decrease of 38 per cent in the catch in 1954 as compared to 1953. Certainly this is an alarming situation that commercial fishermen in that area are facing. There was a drop of 41 per cent in the catch of whitefish and that is the fish which, along with pickerel, brings the best price. I am quoting the figures for 1954 as compared with 1953. In northern inland waters there has been a reduction of 10 per cent. In other parts of lake Huron one special type of fish shows a reduction of 8 per cent, and there are greater reductions in the catch of other types of fish.

I just wish to emphasize that these are figures which I know the department will have, together with a great many more. I am satisfied, and I know the department is too, that over the years the figures will show that this curse of the fishing industry has been increasing. I know that today some fishermen even hesitate to set their nets.

There is another item I wish to mention, Mr. Speaker. I realize it is something that probably should be mentioned in a provincial legislature, but because the province is tied in with this government through this convention I think I will make this observation in order that it may be on the record. It is this. Down where lake Huron flows into the river St. Clair at Sarnia or Point Edward we have an alarming situation which is a proper matter for research. These big boats, sandsuckers I think they are called, are allowed to suck up sand and gravel from the bottom of the river. Many people may think that a few boatloads of sand or gravel would not amount to very much. I can only tell you what the fishermen tell me, and they have two complaints about it.

In the first place they say it takes the sand off the beaches in that area for probably 20 miles. It so happens that the only good sand beaches are on the Canadian side and there is a good deal of shale on the other side, so it is our area that is affected. Coupled with the high water we have a terrific erosion problem which is costing the people of this country millions of dollars a year. On other occasions I have mentioned the erosion damage caused by the high lake level, and I have maintained there should be some correction because this high water is caused in part by man-made diversions into lake Superior.

In some areas I have noticed that the fishermen have registered complaints about these sandsuckers with the Ontario government. It is said they are doing a great deal of damage to the shore line. I say this subject is related to the fulfilment of the desire expressed in this convention. The subject matter may be connected with civil rights and may be under provincial jurisdiction, but since through this convention the provincial government are agreeing to having the federal government act for them in this connection, I am mentioning the matter in the hope that it will be discussed.

There is another matter which is also connected with research that the fishermen in my area complain about. I do not know whether it is the whitefish or trout or pickerel that spawn in the shallow waters along this area, but they are affected by the large amount of sand removed every year by these sandsuckers. Instead of the fish roe being kept in a position where it would hatch, we lose the resultant new fish for lake Huron and other places every year. This process is seriously affected by the removal of this sand and gravel. There are companies who operate fleets of these boats and remove millions of tons of sand and gravel every year. One can readily understand the concern of these fishermen when they see it causing a disturbance to their successful fishing operations.

Everyone would concur in what the minister had to say when he introduced this resolution on March 21, as reported at page 2242 of *Hansard*. He said that the principal duties of the commission are as follows:

(1) to formulate a research program with a view of determining the need for conservation measures in respect of any stock of fish of common concern to the fisheries of Canada and the United States;

I think what I have just now said would be concerned with this particular research program. I continue to quote:

(2) to co-ordinate research and to undertake any research by the commission where necessary;

(3) to recommend appropriate measures to the contracting governments based on such research;

(4) to formulate and implement a comprehensive program for the purpose of eradicating or minimizing the sea lamprey menace.

There is no use enlarging upon what the minister said. The facts speak for themselves. I am sure we shall have some further information when we go into committee. I am sure that, because of these paragraphs I have just referred to, this act will bring about more co-operation between the government and the fishermen. I need give only one illustration. The success of this legislation will depend to a great extent on the co-operation of the shore fishermen in distributing small fry, and so on.

In my area we have an unfortunate situation. In Lambton the shore fishermen do not

have proper facilities for launching their boats. We do have there quite a wide stream. This convention will deal properly with the plight of the fisherman, particularly with regard to streams that may have polluted water, and I hope that will include the one to which I refer and have mentioned in previous debates. Some consideration must be given to this branch of our economy so that something is done to provide aid in the areas where the fishermen do not have proper access to the lake. It is feasible and I know the economics will stand it, so I am sure that problem can be solved so the fishing industry of this country may be encouraged. We must provide for them the same facilities that we provide ordinary businesses, that is, access to their business operations. I hope that when this convention becomes operative this one stream, which is very wide and which at one time carried down sugar beet disease, will be kept open as part of the program for promoting a better and healthier fishing industry, not only in Ontario but in all Canada.

Mr. L. E. Cardiff (Huron): Mr. Speaker, I wish to express my appreciation of the provisions of this bill. Perhaps I should read into the record one of the sections of the bill so that hon. members who are not informed will know what we are talking about. Article I of the convention reads:

> This convention shall apply to Lake Ontario (including the St. Lawrence river from Lake Ontario to the forty-fifth parallel of latitude) Lake Erie, Lake Huron (including Lake St. Clair), Lake Michigan, Lake Superior and their connecting waters, hereinafter referred to as "the convention area". This convention shall also apply to the tributaries of each of the above waters to the extent necessary to investigate any stock of fish of common concern, the taking or habitat of which is confined predominantly to the convention area, and to eradicate or minimize the populations of the sea lamprey *(petromyzon marinus)* in the convention area.

It will not be necessary for me to place on *Hansard* the figures with respect to the depletion of the trout and whitefish in lake Huron; they have already been placed on the record by the hon. member for Elgin (Mr. McBain), as may be seen at page 2242 of *Hansard* for March 21. The hon. member for Digby-Annapolis-Kings (Mr. Nowlan) also spoke on the resolution, and a few minutes ago the hon. member for Lambton West (Mr. Murphy), who is situated right on lake Huron, also dealt with the matter.

I do want to inform the house how important it will be to the fishermen of lake Huron if the provisions of this bill are carried out. For the benefit of those who are not acquainted with the county of Huron, may I say that we have between 75 and 100 miles of shore line bordering the county on the southwest side. We have several small harbours that are used especially for refuge by small craft in time of storm. As the hon. member for Elgin has already told the house, lake trout and whitefish have almost disappeared owing to the presence of sea lamprey in these waters, as mentioned in the bill. No doubt they destroy all kinds of fish, but the fact that trout and whitefish have almost disappeared is evidence that the lamprey prefer the best we have, namely trout and whitefish.

With the assistance mentioned in the bill and the agreements to be entered into by the dominion and the province of Ontario, hundreds of Huron fishermen in a very short time, we hope, will be able to get a creditable catch of trout and whitefish in lake Huron.

We in Huron need a lot of money spent on our harbours, but that has nothing to do with this bill. At a later date, I shall have something to say on that. Men in Huron depend on fishing to make their living. This bill will help them greatly. I sincerely hope that when the bill goes to committee, if amendments are found necessary the minister will give careful consideration to them. Like our forests, we must conserve our fish if we are to continue to enjoy them as a necessary part of our diet.

Motion agreed to, bill read the second time and referred to the standing committee on marine and fisheries.

CANADIAN NATIONAL RAILWAYS

CONSOLIDATION OF LEGISLATION—AUTHORIZATION FOR OPERATION OF TELECOMMUNICATION SYSTEM, ETC.

Hon. George C. Marler (Minister of Transport) moved that the house go into committee to consider the following resolution:

> That it is expedient to introduce a measure to consolidate the various enactments relating to Canadian National Railways into one statute, also, to provide that the Canadian National Railway Company may operate a telecommunication system, to authorize officers and employees of the Canadian National Railways to act as directors of partially-owned companies, to authorize the company to construct short lines without specific parliamentary authority and to operate motor vehicles and further to make provisions for extinguishing charters of constituent corporations.

Motion agreed to and the house went into committee, Mr. Applewhaite in the chair.

Mr. Marler: Mr. Chairman, the primary purpose of this proposed legislation is to consolidate the legislative provisions relating to the Canadian National Railways. These provisions are to be found in a number of statutes, the Canadian National Railways Act, Canadian National-Canadian Pacific Act, Canadian National Railways Capital Revision Act, and various other laws which include

legislation relating to railway financing and construction of branch lines, and even old acts relating to the Grand Trunk Railway. As it is often found necessary to refer to these provisions in order to determine powers and obligations of the company, the management has represented to the government that it would be of great assistance if these statutes could be consolidated into one. I am sure the advantages of such a step are so obvious to all hon. members that it is unnecessary for me to make any argument to convince them.

I should perhaps add that the decision to effect this consolidation does not result from any change in government policy concerning the Canadian National Railways. As I said at the beginning of my remarks, the primary purpose of this legislation is to consolidate the various legal provisions relating to the Canadian National Railways.

I should like to explain that it is intended also to effect the following changes in the various enactments applying to the company. First, it is proposed to give the Canadian National Railways authority to operate a telecommunication system. At present these powers are exercised by the railway through its subsidiaries, and it is thought it would be desirable if these powers were given to the parent company.

Second, it is proposed to authorize officers and employees of the Canadian National Railways to act as directors of partially-owned subsidiaries. Third, it is proposed to give the railway the power to construct short branch lines without specific parliamentary authority. Fourth, it is proposed to establish a simple procedure to extinguish the charter of any company comprised in the Canadian National Railways. Fifth, it is proposed to give to the railway the power to operate motor vehicles in conjunction with or in substitution for rail services under their management or control. At the present time this power is exercised through subsidiaries of the railway.

As I think it is manifestly in the interests of the railway that its charter be consolidated and that these additional powers as outlined should be given, I urge the committee to adopt this resolution forthwith.

Mr. Green: Mr. Chairman, the minister's statement has made it clear that considerable study will be required in order to consolidate these various statutes, and I am wondering whether he has in mind referring the bill to a committee of the house. It would seem that the standing committee on railways, canals and telegraph lines would be a suitable committee to undertake this task. It is quite obvious that witnesses from the company should be called to explain at least some of the implications of this consolidating statute, and that of course can be done only if the bill is considered by a committee.

The minister has said that the railway company is to be given the power to construct short branch lines without coming to parliament. I would ask him to explain what is meant by a short branch line. In recent years several branch lines have been constructed by Canadian National Railways and also one by the Canadian Pacific Railway, and in all cases the proposal was brought to the house. I think that is a very wise course to follow.

For example, there was the extension from Sherridon to Lynn Lake in northern Manitoba, and another from Terrace to Kitimat on the British Columbia coast. Then last year there was the extension to Chibougamau. Probably the minister has read or has been told that there was a great deal of controversy over the branch line from Beattyville to Chibougamau. Parliament also granted the power to build an extension from Chibougamau to St. Felicien in the Lake St. John area, and many of us felt that the railway should have completed the line right through to Lake St. John rather than merely going to Chibougamau in the first stage and then taking the position that it may be able to build the Lake St. John half of this branch line at a later date.

There was considerable feeling in the Lake St. John area against that proposal, and I think rightly so, because the plan of the government had the effect of tapping the Chibougamau district by the line from Beattyville, whereas I believe that area is served at the present time by a highway from Lake St. John. The question of access to the port of Chicoutimi was also involved.

The government faced some rather difficult questions over this proposed branch line, and there was considerable debate in the house and in the committee. I think the government was under some difficulty in justifying its policy with regard to that branch line in so far as it did not contemplate completion right through to St. Felicien at the time the line was extended to Chibougamau.

I am wondering whether the proposal to do away with the requirement that the Canadian National Railways come to parliament for approval of the building of branch lines is the result of the criticism last year. If that is so the proposal is without justification, because I believe it is wise to have both railways come to parliament for approval of the building of branch lines. Otherwise they would have the power to expropriate in order to put a line through an area

without the consideration of parliament. I think that coming to parliament is the practice which has been followed in Canada for many years.

Mr. Marler: If my hon. friend would permit me to interrupt him I am sure it would make possible a curtailment of his argument. The short lines to which I referred a moment ago, as he will see in due course, are lines intended to serve industrial customers. The bill will provide for a limitation of six miles, so my hon. friend need not worry that we are trying to legislate to cover the St. Felicien branch line or others by merely calling them short branch lines.

If I may say one other word in connection with the suggestion made by the hon. member it is that the bill will be referred to the standing committee on railways, canals and telegraph lines.

Mr. Green: Perhaps the minister will explain to the committee why parliament should not sanction the building of branch lines even though they are only six miles in length. Surely the railways should come to this house for approval of the extension of their lines. As I said before, they have the right to expropriate property and six miles of line may be of extreme importance to many people, particularly if it is in a metropolitan area and I presume that that is the type of extension the minister has in mind.

What is the objection to having both the C.N.R. and the C.P.R. come to parliament for approval of extensions of that kind. If such an extension is not to be made on property they already own then the rights of other people are going to be affected. I should like to have an explanation as to why it is felt the railways should be given this right to build such lines without getting parliamentary approval.

Mr. Marler: If I am to enter into a series of explanations with each hon. member who might wish to make some comment on the resolution the debate will be more or less unending. I would prefer to try to give my explanations when the debate has proceeded further.

Mr. Knowles: Mr. Chairman, I believe the minister was correct when he said that the advantages of consolidating these various enactments into one statute are so obvious that he did not need to spend much time trying to convince the house that this step should be taken. I am sure we all agree it would be a good idea to have all the legislation respecting the Canadian National Railways in one place, at least so far as that is possible.

I was glad to hear the suggestion made by the hon. member for Vancouver-Quadra, to which the minister has agreed, namely that after second reading this bill should be referred to one of the committees of the house so that it might be thoroughly studied.

I also was a bit concerned over the phrase in the resolution which suggests that short lines might be constructed without parliamentary approval. I confess that the minister has removed my concern to a considerable extent by making it clear that there will be a specific limitation in the bill as to what constitutes a short line.

The minister, in speaking to this resolution, said that it involved no change in government policy so far as the Canadian National Railways are concerned. It seems to me that there is one matter of policy, whether it be government policy or Canadian National Railways policy, which does need to be reviewed at the present time. I refer—and the minister knows that many of us in this house feel strongly about it—to the employment situation on the Canadian National Railways. This legislation is designed to take a look at the whole picture so far as the Canadian National Railways are concerned, and I suggest that one of the things sorely needed at the present time is some positive kind of assurance to those who work for this railway and are its mainstay that the terrible cloud of insecurity and uncertainty that hangs over them will be removed.

I am not asking merely for the kind of statement we have had from the minister and his predecessor from time to time, namely the hope that we are at the end of lay-offs on the Canadian National Railways. In fact I have upstairs a letter from one C.N.R. employee in Winnipeg who says that every time the Minister of Transport assures us there will be no further lay-offs, all the employees of the C.N.R. tremble. So often has that been said only to be followed by another lay-off that they do not want that kind of statement made again.

Mr. Marler: I am sure the hon. member is honest enough to admit that I have given him no such assurance.

Mr. Knowles: The Minister of Transport has not given such an assurance in his own name, but he will admit that he did place on record on the 7th of February the statement of one of the Canadian National vice-presidents that no further staff reductions were anticipated.

Mr. Marler: That is correct.

Mr. Knowles: The minister placed that statement on the record in response to a request of mine that he give the assurance

that we were at the end of the lay-offs. However, what is required is not just the settling of a debating point between the minister and myself. What is required is not just another ministerial statement or vice-presidential statement or presidential statement. What is required is a policy with respect to this matter.

It used to be thought that if a man got a job with one of the railways in this country and got in a few years of employment and a few years of seniority and did a good job, he had a reasonable measure of job security. Now it turns out that even men who have 10 years' service on the railway, and who thought there was that measure of job security, face every week the uncertainty as to whether that employment will be continued.

We recognize that changes are taking place. We recognize in particular that there is a dieselization program now in progress, but surely something could be done, whenever a change-over such as that is being pursued, to recognize the rights of the men. After all, some of us feel that their rights are just as important as the concern which some people feel for capital investment, for the maintenance of equipment and for all the other factors which go into the running of the railway. It is our feeling that there is something lacking in government policy and in Canadian National Railways policy with regard to the employees of this great system. I strongly urge that this matter be gone into in the consideration of this legislation.

I am glad to know, as I have already said, that after second reading the bill will be referred to a committee. I note that the minister proposes that it go to the committee on railways, canals and telegraph lines, rather than to the committee on railways and shipping owned, operated and controlled by the government. That means that a group of members different from those who generally look at Canadian National matters in committee will have a look at this situation. I hope some policy can be worked out in that committee, when it is considering this bill, which will protect in a way that is not now effective the rights of the employees of this railroad.

In addition to the lay-offs which are taking place and the insecurity which arises because of that fact, there are certain other matters of policy in relation to the railway that I think call for review at this time. Perhaps I had better suggest that you call it ten o'clock so I can go into those other matters the next time this resolution is called.

The Deputy Chairman: Before I leave the chair, I was going to ask hon. members to consider between now and the next time this committee meets on this resolution the wording of the resolution. I am making no ruling at the moment, but I am of the opinion that there may be a large number of matters connected with the operation of the Canadian National Railways which are not appropriate subjects for discussion under a resolution which says that it is expedient to consolidate the existing statutes and to make certain other provisions. I am not undertaking to rule at the moment. I am suggesting to all hon. members that because this resolution consolidates the statutes dealing with the Canadian National Railways, it may not necessarily open for discussion every phase of the operation of the Canadian National Railways system.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take whatever third readings are available, then continue this debate, and take second reading of the bill respecting Unemployment Insurance, and the second reading of the bill to amend the Blind Persons Act, and then move to go into supply.

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

HOUSE OF COMMONS

Tuesday, April 26, 1955

The house met at 2.30 p.m.

RAILWAYS, CANALS AND TELEGRAPH LINES

Sixth and seventh reports of standing committee on railways, canals and telegraph lines.—Mr. McCulloch (Pictou).

PIPE LINES

TRANS-CANADA PIPE LINES LIMITED—REQUEST FOR STATEMENT OF POSITION

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, may I direct a question to the Acting Minister of Trade and Commerce. A press dispatch this morning indicates the probability that Trans-Canada Pipe Lines Limited will be buying the gas distribution and manufacturing system in the city of Montreal from the Quebec hydro. Could the minister tell the house whether government policy still remains as announced on March 13, 1953, and confirmed by the Prime Minister (Mr. St. Laurent) on March 18 of this year and again on April 5? As the minister knows, that announcement was to the effect that Canadian needs for natural gas must be met first before export is permitted. Would the minister also say whether there has been any change in the policy of Trans-Canada Pipe Lines Limited in this regard?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): Mr. Speaker, to the best of my knowledge the answer to both questions would be in the negative. There has been no change in government policy in regard to the exportation of fuel, and as I understand it there has been no change in the policy of Trans-Canada Pipe Lines Limited.

COAL

REPORTED CLOSING OF NOVA SCOTIA MINE

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, may I direct a question to the Minister of Mines and Technical Surveys. I wonder if the minister could bring the house up to date on the statement which he made as reported on page 3070 of *Hansard* of April 22 to the effect that he had plans for keeping open colliery No. 1-B at Glace Bay, Nova Scotia. At that time he indicated that he was getting in touch with the president of the company as to the merits or otherwise of his proposal.

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I wish to thank my hon. friend for giving me notice of his intention to ask this question today. As I stated yesterday, the difficulty at No. 1-B colliery is not primarily a problem of marketing but rather one of exceedingly high costs of production. This is a matter for the unions and the company to work out. My efforts have been directed to encouraging closer co-operation between the company and the unions with a view to lowering production costs to a point where coal can be sold competitively and the mines saved from closure. The people to whom I have talked have received my suggestion favourably and I am hopeful that they will be able to get together and work out their own salvation.

EXTERNAL AFFAIRS

SUGGESTED INTERVENTION TO SECURE RELEASE OF 16 POLISH WAR VETERANS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Secretary of State for External Affairs if he has received from the Polish ex-combatants' association in Canada an appeal that the government intervene to seek the release in Poland of 16 war veterans who were leaders of the underground movement and who have served terms of imprisonment imposed under the present Polish government which have expired. If so, what action does the government propose to take on this meritorious appeal?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I do not recall having received any such appeal but I shall look into the matter. If such an appeal has been received I will reply tomorrow to my hon. friend.

PRAIRIE FARM REHABILITATION

INQUIRY AS TO RESPONSIBILITY FOR DIKES

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I should like to direct a question to the right hon. Minister of Agriculture. In view of the

uncertainty expressed recently by the head of the prairie farm rehabilitation office in Winnipeg with respect to the responsibility for the maintenance and inspection of dikes constructed by the P.F.R.A. along the Assiniboine river, would the minister make a statement to the house in order to clarify the extent to which the P.F.R.A. authority is responsible for the maintenance and inspection of such dikes?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, the hon. member was kind enough to give me notice of his question. The dikes along the Assiniboine river that are referred to were constructed in the first instance by the Department of Public Works as they were dikes on a navigable stream. Three or four years ago the Department of Public Works transferred the activities in connection with these dikes to the Department of Agriculture to be cared for through P.F.R.A.

The position is that dikes are built on privately owned farms along the river. The access to these dams or dikes is at the permission of those who own the lands or on request from the municipalities. We do go in and do the engineering and assist with the work of building dikes there. The word used here is "responsibility". We have no responsibility for doing the inspection after construction. That is done by the municipalities, but if request is made to P.F.R.A. for engineering assistance in connection with any repairs or maintenance that has to be done, then we are quite prepared to give that kind of assistance along the Assiniboine and elsewhere.

[*Later:*]

Mr. Zaplitny: With regard to the answer the minister gave in connection with these dikes, when the P.F.R.A. engineers on request of the municipalities make an inspection and recommend certain repairs or alterations, and these are carried out, at whose expense is that work done?

Mr. Gardiner: The work with which we have been associated has been carried out largely at the expense of P.F.R.A.; but as to what would be done in case repairs are required, I am not too sure, but they can get a report directly from our engineers when they are there.

GRAIN

SUGGESTED REMOVAL OF EMBARGO ON EXPORT OF SELKIRK WHEAT

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): While I am on my feet, I should like to say, with regard to the question that was asked yesterday by the hon. member for Lisgar (Mr. Pommer) having to do with Selkirk wheat, that there are only 3 million bushels of Selkirk wheat in western Canada. It takes about 40 million bushels to seed the crop, and about half of the area that has to be seeded will be in a district that was last year infected with rust, so that it would take in the neighbourhood of 20 million bushels to seed the area that was rusted. The government this year has therefore decided—and the action was taken by the wheat board—that they would not permit the export of this wheat, other than some 20,000 bushels which, I think, was supplied to the United States government. Any wheat which would be allowed to go out of Canada in future would result from dealings with the United States government.

The question asked yesterday was as to whether we would permit the boundary to be opened so that Selkirk wheat could move now. I understand that the reason for the question is that most of those in the southern part of Manitoba near the boundary line have disposed of all the Selkirk wheat they find it possible to dispose of, and they have some in surplus. My understanding is that the Saskatchewan government has been paying the freight on Selkirk wheat. They have at least been giving considerable assistance in the movement of Selkirk wheat from where it happened to be to where it was needed. With the price which is being obtained from these quantities, which are not necessarily certified grades, the price is such that farmers can buy the wheat, and it is being bought in Canada. My suggestion to those who live in parts of Manitoba that have already been supplied as far as possible is that they get in touch with the authorities in Saskatchewan or with the provincial government in Manitoba and find where that wheat can be marketed. It is not our desire that it be allowed to go out of Canada, except to the extent that it is being helpful to some activities of the government of the United States. We hope that it will be seeded in western Canada.

ROYAL CANADIAN NAVY

COLLISION OFF BERMUDA BETWEEN "ALGONQUIN" AND "BUCKINGHAM"

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Minister of National Defence. Is the minister in a position to give the house a statement respecting the collision of two naval ships off Bermuda, in particular respecting the extent of damage and casualties, if any?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, on Friday evening, April 22, during night manoeuvres off Bermuda, the destroyer escort *Algonquin* and the frigate *Buckingham* were in collision. I am advised that an initial assessment of the damage indicated that it was not serious in either ship. There were no casualties and neither ship was in danger. Temporary repairs are being effected at Bermuda. I am advised today that one or both of these ships expect to leave Bermuda tonight or tomorrow for Halifax.

PUBLIC SERVICE

FIVE-DAY 40-HOUR WEEK—STATIONARY ENGINEERS AND FIREMEN

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre:) Mr. Speaker, may I direct a question to the Secretary of State? Can he say when stationary engineers and firemen employed by the federal government will be put on a five-day 40-hour week along the lines of his announcement of March 30?

Hon. Roch Pinard (Secretary of State): I cannot give a definite answer to my hon. friend. I shall have to look into that again, because there were certain complications which did not make it possible to put this into effect immediately, but I will give a fuller answer later on.

CANADIAN NATIONAL RAILWAYS

PROPORTION OF ROLLING STOCK MANUFACTURED IN CANADA

Hon. George C. Marler (Minister of Transport): The hon. member for Winnipeg South (Mr. Trainor) asked yesterday what proportion of the rolling stock required in the operation of the Canadian National Super-Continental train will be manufactured in Canada.

As the house knows, the Super-Continental is already in service, and I am informed by the management of the railway that all the motive power was purchased in Canada, also all the head-end equipment comprising 25 baggage and express cars and 22 coaches. Of the rear-end equipment, buffets, parlour cars, sleepers, etc., 45 were manufactured in Canada and 36 in the United States.

COMPARISON OF RUNNING TIME WITH THAT OF C.P.R.

On the orders of the day:

Hon. George C. Marler (Minister of Transport): Mr. Speaker, if I might answer another question, yesterday the hon. member for Mackenzie (Mr. Nicholson) referred to the running time of the new transcontinental service on the Canadian National railway compared to that of the Canadian Pacific Railway Company.

The hon. member apparently was not aware that when the sessional committee on railways and shipping sat just prior to the Easter recess the president of the Canadian National Railways gave to the committee a full explanation of the difference in running time of the two new trains. In his explanation the president emphasized that the Canadian National is not engaging in a speed war. The new service was planned to achieve, at the least possible cost, a faster through passenger train service that at the same time would provide convenient inter-city service.

As hon. members know, the Canadian National line to the Pacific coast is longer than the other transcontinental line. In addition the management, in drawing up the schedule, took particular account of the intermediate towns and cities that they serve.

I think I may say that the main objectives in planning the new train were to offer a faster service and to arrive at reasonable hours at the principal cities and towns served by the railway.

CANADIAN NATIONAL RAILWAYS

CONSOLIDATION OF LEGISLATION—AUTHORIZATION FOR OPERATION OF TELECOMMUNICATION SYSTEM, ETC.

The house resumed, from Monday, April 25, consideration in committee of the following resolution—Mr. Marler—Mr. Robinson (Simcoe East) in the chair:

That it is expedient to introduce a measure to consolidate the various enactments relating to Canadian National Railways into one statute, also, to provide that the Canadian National Railway Company may operate a telecommunication system, to authorize officers and employees of the Canadian National Railways to act as directors of partially-owned companies, to authorize the company to construct short lines without specific parliamentary authority and to operate motor vehicles and further to make provisions for extinguishing charters of constituent corporations.

Mr. Knowles: Mr. Chairman, before the house rose at ten o'clock last evening I had a few words to say about the employment situation on the Canadian National Railways. I wish to express once again the earnest hope that at this time, when all the statutes repecting the Canadian National Railways are being reviewed, consolidated and re-enacted, serious consideration will be given to the position of those who work for this railway.

As hon. members in all parts of the house are aware, there is considerable concern on the part of many members at the lay-offs that have been taking place. Our concern is

nothing compared with the concern of the men themselves. Many of us feel that this government-owned railway, and the government behind it, owe to these men who work for the railway something better than the uncertainty and insecurity that they have been facing in recent weeks, and the uncertainty and insecurity that hangs over them so far as the future is concerned. Other matters in connection with the operations of the railway are important. Capital structure is a subject to which we must give attention. The acquiring of the best possible equipment is important. The maintenance of the equipment is important. But it is also important, indeed more important, that consideration be given to the position of the men. Out of the discussions on this legislation I hope may come the formulation of a policy that will put an end to the lay-offs that have been taking place and will provide some protection for these people who carry the main burden of the load so far as the operation of the Canadian National Railways is concerned.

As hon. members know, figures have been placed on the record this session. We have had some difficulty in wording our questions so as to get the information that is available, but we have learned that there has been a considerable drop in total employment during this winter. We also know that notices have been given of still further lay-offs at Winnipeg, Leaside, Toronto and other places. This is an extremely important matter. As strongly as I can I urge that there be the formulation of a policy that will remove this insecurity and uncertainty with regard to the employment of Canadian National workers.

It also seems to me, Mr. Chairman, that at a time when Canadian National Railways policies are being reviewed in their entirety, some attention should be paid to the position of retired C.N.R. employees.

The Chairman: Order. May I at this moment express a doubt that we are reviewing Canadian National Railways policy in its entirety. It seems to me that this resolution refers to a measure to consolidate into one statute the various enactments relating to the Canadian National Railways. It seems to me that it is merely a consolidation and, in my opinion, it would not give hon. members the privilege of discussing Canadian National Railways policy in general. The resolution goes on to mention certain particular matters which are the subject of amendment. It seems to me that this debate might be more properly directed, first of all, to a discussion of the advisability or inadvisability of consolidating the statutes and, second, to the various particular matters which are mentioned in the resolution.

[Mr. Knowles.]

Mr. Knowles: If Your Honour is suggesting that discussion of detailed matters of policy should wait until we have the bill before us, I would not go out of my way to quarrel with you. But, sir, if you are suggesting that because all that is proposed is a consolidation of certain acts that are on the statute books we cannot discuss what is involved in the statutes that are being consolidated, I submit that I would have the right to take issue with you.

As Your Honour is aware, the deputy chairman of committees of the whole raised this point at ten o'clock last evening. Since then I have taken the trouble to do a little bit of homework on the point and, if I may say so, with respect, I think some confusion arises because there are citations in May, particularly in May as revised by Campion, which suggest that consolidating acts are dealt with expeditiously and without discussion of the details of the various acts being consolidated. I would point out, however, that that is because in the United Kingdom—unlike here in Canada—there is what is known as the consolidation of enactments (procedure) act, 1949, under which it is possible for statutes of the parliament of the United Kingdom to be consolidated in what is referred to in May as an expeditious manner. I therefore suggest that the citations in May which limit discussion of bills that consolidate do not apply to this parliament because we have no such measure. We have no provision that puts consolidating acts in any other category than that of any bill that comes before parliament.

All I am saying is this. If you agree with me I will leave the matter until a later date. If you feel that this discussion should wait until we have the bill before us and if it is understood that when the bill is before us we can discuss on the bill any of the matters referred to in the bill, I have no objection to waiting until that occasion. But if there is any suggestion that we cannot discuss what is in that bill, perhaps that will be a point for further discussion when the time comes. I wonder whether Your Honour could indicate whether it is your view merely that this discussion should wait until the bill is before us or whether it is your view that these matters should not be discussed at all.

The Chairman: Hon. members will know that in our practice, on discussion of the bill, it is the principle of the amending bill, not the principle of the bill which it is proposed to amend, which we are allowed to discuss. One might say that the same consideration might be applicable to discussion of the resolution which precedes the bill.

Hon. members will recall that standing order 58, subparagraph 2, reads as follows:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

This is an interesting and rather important point. In one light, it might be considered that an amending bill which merely consolidates various enactments which now appear in different acts is nothing more or less than a renumbering of certain sections. I do not think that the hon. member for Winnipeg North Centre would argue that if an enactment were being amended by the insertion of a new clause and the later clauses were being renumbered, he would have the privilege of debating the principles of all those later clauses.

I should like to give the matter further consideration before making a definite ruling. As I said, the point is important, interesting and probably rather new. But in one light, I do not believe that a mere consolidation statute opens up the entire original acts for discussion at this stage. As I say, I would not wish to rule too definitely on the point without giving the matter mature consideration, but at the moment my feeling is that a consolidation is little more than a renumbering. It would be difficult to see how a consolidation should properly open up the entire act to discussion, bearing in mind the well-known principle which I first stated, namely, that it is the principle of the amending bill which is discussed. The hon. member will of course realize that there are other and perhaps better opportunities to discuss the subjects which he has indicated he might wish to discuss at this time.

Mr. Knowles: Mr. Chairman, I view your ruling as a very reasonable one and I will not pursue these matters at this stage. I will raise them again later. However, I should like to suggest that, before a ruling is made as to what our rights are on second reading of the bill, further study might be given to the question. I would even be so presumptuous as to suggest a reference to May, fifteenth edition, pages 478, 543, 647 and 739. In the light of these references in May, I would also suggest that reference might be made to chapter 33 of the statutes of the United Kingdom, 1949, which is entitled "Consolidation of Enactments (Procedure) Act, 1949". Incidentally, I would point out that later in today's business there is on the order paper second reading of a bill which, while it makes some changes, is a consolidation, a re-enacting of a statute that has been on the statute books since 1940, namely, the Unemployment Insurance Act.

Therefore, Mr. Chairman, assuming, if I may, that your present ruling relates only to the debate at this resolution stage and that any ruling regarding what can be discussed in the debate on second reading will be deferred until that time, I am prepared to save my remarks until a later occasion. The minister knows what the main subjects are, namely unemployment and the pensions of retired C.N.R. employees.

Mr. Pouliot: Mr. Chairman, I was most interested in what you said a minute ago about the discussion that should take place on a resolution preceding a bill. May I respectfully suggest that the resolution is the cornerstone of the bill itself. Originally such a resolution was introduced before the bill was drafted in order to give all members an opportunity to make suggestions for the better drafting of the bill. This is why I find discussion of the resolution so important. I do not know whether or not the bill has been drafted but valuable and constructive suggestions could be made by members and listened to by the minister and the government, as the result of which the tenor of the bill could be entirely different from what it would be if such a discussion had not taken place.

Whether the bill is a condensation, compilation or totally new legislation makes practically no difference because constructive suggestions in the house shall always be welcomed by the government as well as by the whole membership of the house. In the first place, hon. members know that at Westminster there are not enough seats for all members of the House of Commons and therefore members very often speak in turn. Some speak on the resolution preceding a bill, others on second reading, others on the bill in committee, and others on third reading of the bill. This is one of the reasons why the numerous readings are so important and cannot be dispensed with.

Naturally this is an opinion I am offering. The other day I was called an expert on procedure, which I deny completely. I have never claimed to be an expert on parliamentary procedure. I have been here for 31 years, and for 29 years I have had the opportunity to express my views freely in the house. But in my humble view experts in parliamentary procedure are dangerous people who make procedure difficult to understand in order to pose as the only ones who know anything about it. It is a very dangerous mentality. I speak as a member of parliament who has been here for a great number of years and who has done his best to establish a relation between what he had to say and what was before the house. That

is one of my understandings of the few main rules that relate to discussion in the house.

Turning to the resolution now before us, it is one of the most important that has come before us this year. It is no less than a compilation of all the laws that concern the Canadian National Railways. There was so much legislation about the Canadian National Railways that some of the statutes we find in the Revised Statutes of Canada of 1952 are still separate one from the other. As a preamble to what I am going to say, I should like to remind you, Mr. Chairman, and the committee of what has happened with regard to the Canadian National Railways. First of all we had the Intercolonial which was managed by the minister of railways and canals himself. He had full authority with regard to the railway. Then there were some new railways that were built and which were bought by the Canadian government. During the first world war the Grand Trunk was purchased. Then the Canadian Northern was purchased and Mr. Gutelius was put in charge not of the Intercolonial Railway but of the Canadian government railways which included the Grand Trunk and the Canadian Northern. There was a lot of misunderstanding between the employees of the old Intercolonial Railway, the Grand Trunk Railway and the Canadian Northern Railway.

Mr. Gutelius came from the United States to manage the Canadian government railways. Then he was succeeded by Mr. D. B. Hanna, a gentleman who had been with the Canadian Northern in the first place. He took charge of the Canadian government railways. It happened during the Borden-Meighen regime. As soon as the Liberals came to power in 1921 propaganda was started by the Conservative newspapers to the effect that the Canadian National Railways should be free to decide their own policies without any interference by the government. The idea behind that propaganda of the Conservative press was to prevent the Conservatives who were managing the railway from being replaced by Liberals. It was done for a political purpose, in order to maintain complete Tory control of the Canadian government railways. Then, Sir Henry Thornton came. He came with a good reputation because during the war he had been in the British Isles doing some excellent work in transportation. He was quite exacting. He wanted to be appointed chairman of the board of directors and president of the railway, two positions that are entirely different and cannot be associated together in a practical manner. The legislation was changed and a new act was passed. Sir Henry Thornton became president of the railway and chairman of the board of directors.

According to the Canadian National Railways Act, chapter 40 of the Revised Statutes of 1952, the Canadian government railways or the former Intercolonial Railway, the Canadian National Railways, the Canadian Northern, the Canadian Northern system, formed the Canadian National Railways and the governor general in council may nominate not less than five nor more than seventeen persons to be directors of the Canadian National Railways. These directors shall be and are hereby incorporated as a company under the name of the Canadian National Railway Company, not the Canadian National Railways system, as Mr. Gordon stated before the committee the other day.

One should also draw attention to the fact that no stock ownership shall be necessary to qualify a director. The directors, therefore, represent not only the government of Canada but the people of Canada at large. They are there to fulfil a duty, which is a duty of control of the management of the railway.

Now, sir, the board of directors is entirely different from the management officers, with one exception which is that the chairman of the board of directors is also the president of the officers of the railway. The board of directors is as follows: Chairman, Mr. Donald Gordon, C.M.G., LL.D.; Mr. Wilfrid Gagnon, C.B.E.; Mr. J. A. Northey; Mr. H. J. Symington, C.M.G., Q.C.; Mr. R. B. Brenan; Mr. B. L. Daly; Mr. W. J. Parker. With regard to the officers, their names are mentioned in letters that are easier to read than those of the directors, and are contained on the first page of the last report of the Canadian National Railways. They are, Mr. Donald Gordon, C.M.G., LL.D, president; law, Mr. MacMillan, Q.C.; operating, Mr. S. F. Dingle, vice-president; the vice-president of the western region, Winnipeg; the vice-president of the central region, Toronto; the vice-president and general manager, Atlantic region, Moncton; the vice-president and general manager of the Grand Trunk Western Railroad, Detroit; the vice-president of personnel; the vice-president of purchasing and stores; the vice-president of research and development and the vice-president of traffic. There is a president and ten vice-presidents whose duties are entirely different from the board of directors.

I appreciate the good work that the Minister of Transport has done since he assumed that high office. His knowledge of the law makes him familiar with all the

intricacies of the management of the Canadian National Railways. The Canadian National Railways is a big company, a company with an income and expenditure, on the average, of $600 million a year. I have some sympathy for Mr. Gordon, and I expressed it to him before the committee. I said I thought he was working too hard. On March 31 last, Mr. Gordon said:

> No man works harder; no man has more frustrations, and no man has more fun than I have.

This shows that he has a complex character, but a happy disposition. I quote the following from the committee report:

> If you come here it is in order to permit the members of parliament to help you, and we can do so only inasmuch as we know the facts.
> Mr. Gordon: Quite so, yes.
> Mr. Pouliot: If you did not tell us much, if we knew nothing, then why should you come here?
> I thank you for the information you gave us about the sale price of the hotels. It is the most important statement you have made since you were president and chairman of the railway.

The directors appointed by the government form the board which constitutes the company itself.

Mr. Knowles: I rise to a point of order. I am sure the hon. member for Temiscouata will realize that I support his right to go into these matters of detail to which he is referring because they relate to Canadian National policy, but I think I am entitled to ask for a statement from Your Honour as to where one draws the line between the kind of detail that I wanted to mention and the kind of detail to which my hon. friend is referring. I do not object to what my hon. friend is doing, but when he is finished I think I should be permitted to come back and debate in some detail the matter of Canadian National pensions.

Mr. Pouliot: If you will permit me, Mr. Chairman, I want to say a word on the point of order. I was very much surprised to hear my hon. friend object to what I am saying.

Mr. Knowles: I do not object at all.

Mr. Pouliot: It is not because he has capitulated before the Chair has rendered its ruling that I have to follow his example. My hon. friend knows a lot about splitting hairs with regard to procedure. He does it all the time. I am not splitting hairs, I am speaking of the law that we are consolidating here. What I am saying is entirely relevant because if we cannot speak of the law with which we are to deal, we might just as well gag everybody in this chamber. On this occasion my hon. friend has been too quick. He knows too much about Beauchesne, and not enough about the law itself. He knows too much about small things, and he forgets the essentials that I bring to his attention as well as to the attention of the members who form this committee.

Mr. Knowles: If this is the way you treat me when I am on your side, what would you do if I were against you?

Mr. Pouliot: If my hon. friend is on my side, why does he object to what I say? I say that here we are to deal with legislation that affects a concern owned by the people of Canada and which has an income and expenditure of approximately $600 million a year, and which is faced with a deficit that Mr. Gordon wants the country to make up.

Mr. Low: Go ahead and tell us your story.

Mr. Pouliot: Thank you very much.

The Chairman: Order. In view of the point of order which has been raised by the hon. member for Winnipeg North Centre, perhaps I should say a word before the hon. member for Temiscouata proceeds. I did not make any definite ruling when I rose before. I merely, I hope, expressed doubt as to the advisability of proceeding with a general debate concerning the Canadian National Railways on a resolution intended to introduce a measure to consolidate the various enactments, of which hon. members will understand there are a great many.

I think this situation is clearly distinguishable from the one which faced us earlier in this session with regard to the Defence Production Act, when the amending bill cut off the expiry date and therefore re-enacted the entire Defence Production Act for an indefinite period. I think hon. members will appreciate that this situation is different from the former one.

However, I have made no ruling and therefore I cannot say that the hon. member for Temiscouata is out of order. I intend to give the matter mature consideration because, as I said, I think it is an interesting point. Similarly, if the hon. member for Winnipeg North Centre chooses to rise later on, we will have to deal with that as it comes.

Mr. Pouliot: Mr. Chairman, there is more wisdom in what you have said than in all the judgments of King Solomon.

Mr. Knowles: Hear, hear; now everybody is happy.

Mr. Pouliot: He deserves it.

The directors appointed by the government form the board which constitutes the company itself. Their duty is to control the management of the company by the president, the ten vice-presidents and the other officers of the company.

As no stock ownership is necessary—and this is very important—to qualify the directors, these are the trustees appointed by the government to look after the management of the company by the officers whom they appoint, including the president, and for whose management they are responsible to the government.

I hope I have made myself clear. I hold no grudge against Mr. Gordon, or any other officer of the company. I am on talking terms with all of them. On the other hand, I want the minister to have full and complete authority over the management of the railways by its officers. And if the directors are not fulfilling those duties, then they should be dispensed with. The duty of the management is to follow the instructions of the minister; and the board of directors has the duty to look after the management of the company by its officers. Have I made myself clear on that?

To my mind the other doctrine is all wrong. I had occasion to discuss this matter before the committee in 1952. As reported at page 44 of the proceedings of the committee on railways and shipping, my learned and distinguished colleague from Greenwood said:

> Now, I would like to ask you this question: is it a matter of policy to keep the board so small? I am sure that Mr. Gordon would agree with me in general that it is a good thing for an executive head to have as much in the way of fresh ideas from outside as he can get. I don't mean the directors should interfere with management,—

I completely differ with him on that.

> —but I merely mean that you get fresh views if you have a fairly wide range of people on the board, I would have thought; and I would like to know whether that conclusion was arrived at as a matter of policy. It seems to me that you deprive yourself of the advantage of outside views.

To that Mr. Chevrier answered:

> In the first place, these members of the board of directors are permanent, they are not employed in an advisory capacity.

That is clear. He continues:

> They are appointed by the governor in council to administer the affairs of the railways; and while there have been representations from time to time to increase the number on the board, the government has not seen fit to change it.

The point of view of the hon. member for Greenwood, who is now sitting across from me, was that the number of directors was not large enough, and that they were there to advise Mr. Gordon. My point of view, as I expressed it later at the same sitting, is that we must look after quality instead of quantity, that the president of the railways should get authorization of the board of directors to make any decision, and that there was no use having a larger number of directors if they were to be treated like school children by the president of the railways, who happens to be chairman of the board of directors.

That was my point of view, and it was entirely different from—indeed it was opposite to that of the hon. member. Then the report of proceedings goes on in this way:

> Mr. Pouliot: What would be the number that you would suggest?
>
> Mr. Macdonnell: Well, Mr. Pouliot, I did not have it in mind to suggest any particular number, I was just dealing with the general idea of the possibility of a greater representation on the board of directors.
>
> Mr. Pouliot: You are going on the assumption that the more numbers you have on the board the better will be the results. Speaking personally, I am for quality and not for quantity. The purpose of the board of directors is to advise the management, and, as I see it, the more advisers we have the more difficulties we may expect.

The meaning of the word "advisers" was different in the mind of the hon. member from what it was in my mind. I could have used the word "controllers". Then the report continues:

> Mr. Macdonnell: Not with a man like Mr. Gordon; he keeps the directors in their place.

How could the hon. member have spoken in that way? Does a man who is as highly paid as the president of the railways, and chairman of the board of directors, ask for their advice? Does he ask for their consent when he has an important decision to make? No; his duty, according to the hon. member—and he is satisfied with it—is to keep them in their place.

Mr. Macdonnell: Will the hon. member permit a question. Does he never permit any room for facetious remarks? I apologize for having been facetious when I said "Mr. Gordon kept the directors in their places".

Mr. Pouliot: My hon. friend, I believe, is one of the best read members of the house and he should not try to explain a mistake he has made in speaking. He is somewhat similar to one who makes a blot of ink on a letter and then tries to erase it. The result is that it looks worse and finally he must rewrite the letter. I think the hon. gentleman should rewrite his letter. I have great respect for him as I think he is one of the finest men around Ottawa, even in Carleton county.

But I do say to him honestly that our conception and understanding of the management of the railway is entirely different from his. His idea is to leave Donald Gordon alone to boss the show; my idea is to take control of Donald Gordon, to let the directors hold him by the hand to prevent him from falling into the same excesses that were the downfall of poor Sir Henry Thornton. Imagine how great Sir Henry Thornton would have been if he had not been the sole boss of the

Canadian National Railways for many years. He was alone and his extravagances were notorious. He used to change the curtains and rugs in his house every time he had a visitor of note. There was no check on him. Mr. Bennett had some difficulty with him. He brought him before a committee of the house with regard to extravagances in connection with his private car and so on.

I do not know whether Mr. Gordon was speaking humorously or not, but he said in Montreal that he was a hotel keeper, that he was a banker, that he was a railway man, that he was a caterer; there was not a thing that he was not. One should be more modest; one should realize that it is impossible for one man to manage a big company like the Canadian National Railways.

I had occasion to say this to Mr. Gordon before the committee. I felt that I should say that as a member of parliament because it was my duty to do so for the good of the country. It was my duty to prevent him from making a faux pas because a faux pas in connection with such a large concern may mean a loss of millions of dollars to the country. Will he be engaged again or will he not? I do not know.

If the law is to be changed I hope it will not be done in the way some books on procedure have been put out by Pepper, scissors and glue. It is very easy to cut up sections of the law, paste them on a piece of paper without any changes and then say that it is an important compilation. I am reminded of some books on procedure that have been quoted quite often in this house. Pepper was a messenger here, and everybody knows what scissors and glue are. It was Pepper, scissors and glue.

I hope that the compilation of the Canadian National Railways legislation will be different from many of these works by the experts which we might call Pepper, scissors and glue.

I should like to make one constructive suggestion. I make one only so it will not be forgotten. If I made many, some of them might be overlooked. My suggestion is that we make the management of the Canadian National Railways as efficient as any department of government. How could it be done?

Mr. Low: Only that?

Mr. Pouliot: This is one to start with; I will have others later on. I wanted this one to be digested thoroughly before I made others.

Mr. Low: But you want it improved from that point upward?

Mr. Pouliot: I am making one suggestion and if my hon. friends have others they will be welcome to make them. If they are good they will be accepted and if they are not good they will have to console themselves.

How is it possible to do this? The only way to do it is to notify Mr. Gordon that before his services are hired again for a certain number of years he will have to be only the president of the Canadian National Railways for a term and then the board of directors will have to fulfil their duties and give instructions to Mr. Gordon instead of receiving instructions from him.

I hope I have made myself clear about this. The time of the house is very precious and I do not intend to take up too much of it. I hope that what I have said is clear and I hope I have converted the hon. member for Greenwood (Mr. Macdonnell) to my idea of parliamentary responsibility as applied to the Canadian National Railways. This would be a great step forward in connection with the finances of the Canadian National Railways.

If the directors are reluctant to take this step and assume the responsibilities of their office, I suggest to the minister that there is one thing he can do, that is to appoint the members of the House of Commons who have been on the railways and shipping committee to be directors of the Canadian National Railways. We would then have a board composed of members of all parties. It would be non-political and there would be an opportunity to improve the management of the railway. Having said that, I will reserve any future occasions for making more constructive criticisms.

Mr. Hansell: Mr. Chairman, I have listened to the various points of order that have been raised and to your own comments thereon and I do not think I am any less confused now than I was before they were made. So, if I should happen to be out of order in what I wish to say, I would ask that you call my attention to the fact. I do not think that I will go any further afield than the hon. member for Temiscouata (Mr. Pouliot) has gone. I am not going to talk about Mr. Donald Gordon; I am not going to talk about a good many things which he has mentioned, although I would say, with regard to the recommendation that he makes, his desire to have the Canadian National Railways become as efficient as any government department, I do not know where that leaves us. Most of us on this side of the house have claimed for a good many years that the most inefficient business in the country is the various departments of the present Liberal administration.

However, to deal with the resolution before us, it states "that it is expedient to introduce

a measure to consolidate the various enactments relating to Canadian National Railways". The resolution goes much further than that, of course, and I do not know how we can confine our discussion to those matters that are now within the scope of the law, because I notice that there are five other matters that are to be dealt with in the new bill. These five are as follows: Firstly, the bill will authorize the company to operate a telecommunication system. Secondly, it will authorize officers and employees of the Canadian National Railways to act as directors of partially-owned companies. Thirdly, it will authorize it to construct short lines—I do not know whether that is complementary to the telecommunication system, but I fancy it means short railway lines—without specific parliamentary authority. The fourth is authority to operate motor vehicles, and the fifth makes provision for extinguishing charters of constituent corporations. There are five matters beyond the consolidation of the laws relating to the Canadian National Railways.

I should like to ask the minister a question, but before doing so I do want to comment on one part of this resolution, that dealing with the construction of short lines without specific parliamentary authority. Once again here we are getting away from the authority of this parliament and centralizing authority in the government. Here, of course, it is within the company, but the company is a crown company. We in this group are entirely against the centralization of power. That is one of the basic principles of the movement for which we stand. The only authority that we recognize is the authority of the people. That being so, the only way the people can exercise their authority and the only way they can express themselves in the exercise of that authority is through their parliamentary representatives. If we depreciate the authority of this parliament, then we are depreciating the authority of the people of Canada.

The minister may rise and say that this is only a little thing and it only involves short lines. It is like the old question, how long is a rope? I do not know what "short lines" means. You can think of the term shortness only in comparison. If you compare it with the national system from Halifax to Vancouver, then a short line could conceivably be 500 or 600 miles, but if you consider a short line as being a spur track to shunt some railroad cars on, it is a different matter.

Mr. Marler: If the hon. member will permit me, I said last night when, I believe, the hon. member was not in the house, in referring to short lines, that we were thinking in terms of lines not exceeding six miles in length?

Mr. Fulton: Will that be written into the bill?

Mr. Marler: Yes.

Mr. Hansell: I am glad to hear the minister say that. We do not have the bill before us, and it is understandable that we cannot discuss its contents to any extent, but even six miles is a reasonable length, and I do not think we should quibble much about it. However, it depends largely on where that six miles is. It could be between two provinces; it could be a tunnel; it could be something that will divert traffic in a corporate city. There may be a variety of things for which we are saying we are going to give authority to the Canadian National Railways.

There is another point here that is extremely important. I understand that the Canadian National Railways have the power of expropriation. If they have that power, and if we give them the authority to build a six-mile railway extension without reference to parliament, what are we doing? We are giving them the authority to expropriate almost anything that might be in their way, in order to build that six miles or less of railway. However, perhaps we will have to deal with that when the bill comes down; and if we do not like it we will have to vote against the clause.

There is a very general question which I should like to ask the minister in connection with the Canadian National Railways. I should like to ask him, does this resolution preceding the bill give the Canadian National Railways anything that it does not give comparable railways?

Mr. Marler: Mr. Chairman, I am afraid that the question is a little too broad for me to answer in any simple way. If we are talking about the subject of the short lines or branch lines, I might perhaps give him this explanation, and at the same time reply to the question which my hon. friend from Vancouver-Quadra (Mr. Green) raised last night. As I understand the terms of the Railway Act, which applies of course to the C.P.R. and other railways in Canada, the situation is that, if any of these railways desire to build a branch line not exceeding six miles in length, it may do so with the approval of the board of transport commissioners. The Canadian National Railways is in the position where it does not enjoy that power, and it must obtain, as the law stands at present, the approval of parliament. If I might point this out to the hon. member for

Macleod, I should like to emphasize that that approval at the present time deals with two aspects: first of all, the power or capacity to build a particular line; and, second, the provision of the necessary funds in order that the railway may make the expenditures. The fact remains that, even after the proposed change is made, the Canadian National Railways will still require the approval by parliament of its budget in order to dispose of the funds necessary to carry out the construction. Perhaps I have not answered fully the question which my friend the hon. member for Macleod has just asked. However, I think it would be extremely difficult for me to compare the whole structure and powers of the Canadian National Railways with those of other railway companies in Canada.

Mr. Hansell: Perhaps we can wait until the bill comes down and then ask questions.

(*Translation*):

Mr. Gauthier (Lake St. John): Mr. Speaker, the debate at the resolution stage affords me an opportunity of acquainting the house and the Minister of Transport (Mr. Marler) with a project calculated to promote the growth of the city of Alma, county seat of Lake St. John, and also to provide the Canadian National Railways with an additional source of revenue.

One of the clauses of the bill to be introduced following this resolution provides that the Canadian National Railways will be authorized to build short lines without specific parliamentary authority.

By virtue of these new powers, then, the Canadian National Railways could extend the present line from St. Gedeon to St. Joseph d'Alma, thence back to Hebertville Station to continue on to Jonquiere and Chicoutimi.

The route followed by this road was that of the first of our railway lines, constructed some 75 years ago to answer the needs of colonization. The parish of St. Joseph d'Alma had barely been established then, its population was only a few hundred and a small lumber industry had just been set up.

Since then, the Saguenay-Lake St. John district has expanded wonderfully. Lumber companies were first in their efforts to further the industrial growth of the Lake St. John district. At present it boasts six mills producing wood pulp and newsprint. Aluminum followed and gave its powerful impetus to the industrialization of what is commonly known as the Saguenay kingdom. The town of Alma, situated in the very heart of the Lake St. John district, has not in the least trailed behind other towns of the Saguenay with respect to that development. What was a tiny village 75 years ago has become an industrial and commercial centre numbering nearly 15,000 people. It is the home town of most of the workers of the Riverbend mill, which produces nearly 700 tons of newsprint a day and employs 800 people. The aluminum smelter of Isle Maligne employs 1,200 workers who live in the towns of Isle Maligne, Naudville and Alma.

That community of close to 20,000 people is served by a modern hospital and a 1,000-watt radio station. Last year the Department of Transport recognized the importance of the town of Alma when it authorized the Boreal Airways Ltd., to use it as a stop-over on the Bagotville-Chibougamau flight, and has granted generous subsidies for the building of a municipal airport. Quite recently the Department of Public Works, realizing the fast growth of the chief town in the Lake St. John district, decided to put up a modern building to accommodate federal public services.

I am not asking the Canadian National management to "blaze the trail" or even to follow suit. All I am asking is that they recognize the rapid and steady development of that important industrial community which gives them more than a quarter of all the revenue from the Lake St. John line, with its outlets into Quebec and Montreal.

People who contribute such a substantial revenue to the Canadian National Railways should benefit from lower transportation rates and to have available within their district, or rather at their doorstep, a railway ensuring a fast and convenient passenger service.

Because the hon. Minister of Transport has never failed to give my requests his kind consideration, I hope that, when conferring upon the authorities of the Canadian National Railways the supplementary powers provided in the bill, he will ask the company to give top priority, among the short lines contemplated, to the extension of the railroad going from St. Gedeon to the town of Alma and thence to the station of Hebertville. The national railways will find it an additional source of revenue, while the population of the industrial centre formed by Alma, Naudville, Riverbend and Isle Maligne will be pleased to see that their long-cherished dream will at last come true.

(*Text*):

Mr. Diefenbaker: There are one or two references that I want to make to this resolution, especially arising from the remarks made

by the hon. member for Temiscouata who, in his analysis of the situation on the Canadian National Railways, asked for the restoration to parliament of its right to examine the Canadian National Railways affairs and to ascertain whether or not the will of parliament was being carried out.

That has been a stand that we in the official opposition have been taking for a long while. We have emphasized the need for the restoration to parliament of a power which was once exercised but which in the last few years has fallen into disuse. The loss of this power has become a serious matter. In the present session on several occasions we in the opposition have endeavoured to secure information with regard to the Canadian National Railways, but without much success. I mention these things because they indicate that some amendments should be brought in when the consolidation of the Railway Act is made in order to restore to parliament a power which it does not possess today because of the stand taken by the members supporting the government.

I mention just one or two recent examples as indicative of the degree to which the concealment of information with regard to the Canadian National Railways has become a way of life. Indeed, blackouts and secrecy have been imposed on parliament in recent months respecting the Canadian National Railways. That was not the course followed in earlier years. I was impressed by the remarks of the hon. member for Temiscouata as he demanded that information be available to parliament. I went back for a moment to February 14 last when I made a motion in this house with a view to securing information for parliament and the people with regard to Canadian National Railways. That motion read as follows:

> For a copy of all letters and communications since the 1st day of August, 1954, written by the minister, deputy minister or any officials in the Department of Transport to the Canadian National Railways, or any officer or official thereof, concerning the leasing of or intended leasing or management agreement of the Queen Elizabeth hotel in the city of Montreal to the Hilton Hotels Corporation.

That was a reasonable request asking for information as to what the Canadian National Railways is doing with Canada's money. As the hon. member for Temiscouata said, the Canadian National Railways asks parliament for the money. When it has deficits, the people pay. But when information is asked for, the people are denied it. I was interested in noticing the vote on that occasion. I find that my friend the hon. member for Temiscouata on that occasion joined with his colleagues and voted against the giving of information to parliament on that motion. I am glad he has changed his attitude.

Mr. Pouliot: May I interrupt my hon. friend? I should like to give him an explanation.

Mr. Diefenbaker: All right. I shall be glad to hear it.

Mr. Pouliot: My hon. friend does not happen to be a member of the committee on railways and shipping. When Mr. Chevrier was minister of transport some years ago he asked the members of the committee if they wanted to have some information concerning the salary paid to Mr. Gordon. No member of the committee, including myself—perhaps I was wrong—agreed to ask for the information. That constituted a precedent, and until the committee changes its practice it is no use to ask for information when the committee does not want to have it.

Mr. Diefenbaker: Mr. Chairman, all I can say is that the explanation scarcely covers the situation. Indeed, it complicates the simplicity that I endeavoured to incorporate in the attitude taken by my hon. friend on that occasion. However, I must say we welcome the hon. member to the support of the ranks of those in the house who do ask for information from the Canadian National Railways. We do so because of the fact that the experience of the last couple of years has not been conducive to the building up of the morale which is so necessary on the part of the Canadian National Railways.

I ask the minister to go from one end of the country to the other, and he will find that the employees of Canadian National Railways today live in fear. They feel themselves thwarted and frustrated because of the lack of direction being exercised in reference to themselves. They realize there will be layoffs but they would like to have some understanding of the policy that is being followed in the administration of the Canadian National Railways Act. They would like some message that would tell them there is going to be an end to this haphazard policy under which men are laid off without any apparent reality and without any consideration of their services in the past.

It took us months to find out that some 8,000 men had been laid off in three months. The records of *Hansard* are replete with questions asked by members with regard to layoffs, and the explanations given by the minister scarcely indicate there is that efficiency that should characterize a great organization such as the people's railway. Over and over again the answer has been that it is impossible to give the information because it is going

to be so difficult to bring together the numbers laid off in the various divisions. When the question is asked how many men have been placed on part-time employment the answer again—and seriously given—is that Canadian National Railways does not have the information. That is not good enough. Surely the minister will take this opportunity to give assurance to these employees, something of hope, something of the policy, something of what they may expect.

They find it difficult to understand expenditures being made that seem unjustifiable. Let me mention one that was referred to recently. At a time like this when the railway is running into a deficit, the employees find it difficult to understand why two private cars should have to be repaired at a cost of $130,000 each. They ask: Why is this period chosen? Why are we chosen to be the ones upon whom the management of Canadian National Railways depends to wipe out the deficit? Why should there be such expenditures? Why should there be an expenditure of $20 million on a hotel and yet when we try to find out how it is going to be operated we are told it is not in the public interest to give the information?

Some change must be made in the act to restore to parliament what the hon. member for Temiscouata said should be restored, the power of parliament to find out and to ascertain, and not have that power restricted to the right to inquire with no right to the information. What about the answers that have been given to questions recently? I have a number of them here. As found at page 3116 of *Hansard* of April 25, the hon. member for Wellington-Huron asked the following question:

> By Ontario districts, how many employees of the car department of the Canadian National Railways have been laid off during (a) the year 1954; (b) the months of January, February and March, 1955?

This was the minister's answer:

> Mr. Speaker, I have spoken to the hon. member and explained to him that the Canadian National Railways do not assemble employment figures by districts, and in consequence it is not possible to answer the question as asked.

It is time they did. We have asked for such information for months but we have been met by a stone wall of secrecy and blinders have been placed upon parliament by the subterfuge of the excuse that they do not keep the records that way. As a matter of fact, I suggest to the minister that he ascertain the exact facts from the Canadian National Railways. From my own knowledge each district reports each week as to employment in that district. This was the rest of the answer:

> If the hon. member would care to rephrase his question, the management will give the employment information that is available.

Rephrase simplicity? *Hansard* is full of answers like this, and they are causing a feeling among Canadian National Railways employees today that there is something seriously wrong somewhere. Let me give another example. At page 2992 of *Hansard* of April 20, the minister made a statement with respect to lay-offs at Winnipeg. He said:

> The hon. member for Winnipeg North Centre yesterday referred to staff reductions by the Canadian National Railways at Winnipeg and other places and put the following question to me:
>
> "How does he square the lay-offs now taking place with his statement in the house on February 7 that no further staff lay-offs were anticipated?"

This is the answer:

> If the hon. member will reread *Hansard* of February 7 he will find the opinion there given was that of Mr. J. R. McMillan, vice-president of the railway in Winnipeg, and not that of the Minister of Transport.

That sounds to me like a facetious play on words and not the kind of information to which the railway employees of this country are entitled. Let me go on. On February 28 last I had a motion before the house which was in the following terms:

> For a copy of all correspondence exchanged between the minister or Department of Transport and the Canadian National Railways relative to a question placed on the order paper in the name of the mover of this matter on the 28th January last, the purpose of which was to ascertain the number of section and maintenance men, office staffs, etc., who have been laid off by the Canadian National Railways during the periods particularly set forth in the said question.

You will remember what the answer was, Mr. Chairman. The answer was that such information was not procurable because the Canadian National Railways did not keep the kind of books that would give the information—and that on a railroad as large as the Canadian National. That aroused the employees everywhere throughout the country. If the railway does not have such records it is time they started to keep them. Certainly they spend enough money on staffs to be able to furnish that simple information.

On March 7, as found at page 1762 of *Hansard*, the following question was asked by the hon. member for Royal:

> 1. How many hourly rated employees of the Canadian National Railways were laid off between January 1, 1954 and December 31, 1954?
>
> 2. How many monthly rated employees "official capacity" of the Canadian National Railways were laid off between January 1, 1954 and December 31, 1954?

This was the answer by the minister:

The management of the Canadian National Railways advise that in order to answer the question as asked it would be necessary to secure information from divisional, district, regional and headquarters offices and require a special staff . . .

Then he went on to refer to the number of employees in the employ of Canadian National Railways at the several periods. I think, Mr. Chairman, when the minister introduces these amendments he should give consideration to bringing back to parliament the right to find out whether or not things are as they should be on the Canadian National Railways. The minister may say the committee does that. We have heard that story before. I have read almost all the committee reports, and the evidence taken. I noticed this: Whenever a question is asked that might furnish information which officials of the Canadian National Railways regard as not being in the public interest, and so often the public interest is apt to clash with the interests of officials of the Canadian National Railways, the information is not given.

Sir, I suggest, and I do so in the most serious way, that this is the picture of Canadian National Railways employees across Canada today. They are disturbed. They do not know where the axe is going to fall or when. They are afraid to get in touch with a member because so often they say, "We dare not do that." Much of the information comes in from sources that are anonymous, and therefore the information has to be checked. I ask the minister to say something to those railway employees that will restore their morale at this time.

Let me give you a recent example. Strong complaints have been made about R. F. Welch Limited—I think that is the name of the company. Mr. Gordon gave his promise that the things complained of would cease after March 31, but he did not say what year. Since March 31, 1,000 people who have been recently brought into Canada have been placed on two extra gangs out of Calgary, according to my information. What about the men who have been laid off? Why were they not given an opportunity, those who would be fitted for that work, to take this employment? A promise was given by Mr. Gordon that this was going to stop, that the injustices resulting from the hiring agreements of that company would be a thing of the past. Within the last two or three days one of the union representatives has been in touch with me concerning this question, and he simply requested that the matter be placed before the minister, and justice and equity asked for those who have been diligent and loyal servants of the Canadian National Railways.

[Mr. Diefenbaker.]

Everywhere across the country there is fear. There is nothing that destroys morale more quickly, whether it is in corporations, in homes or anywhere else, than fear. I ask the minister whether he will do something to remove these clouds of fear that today hang over the Canadian National Railways employees, and give them a message of hope. At the same time he could once more give parliament the right to have information which, however concealed behind expressions such as have been used in recent months, is available and is simply being denied to parliament, as I see it, by the officials of the Canadian National Railways because they are afraid to have the information available. It is not going to help their competitors. How will it help their competitors to know how many employees have been laid off? The competitor allows it to be known how many employees have been laid off. Do that, and I say to the minister he will do a great deal to change deficits into surpluses. Today they fear. Today they are frustrated. Those are not of the elements that together give the cohesive unity and co-operation that will bring about at least a closer approximation of revenues with costs than has been the case during the last year.

(Translation):

Mr. Villeneuve: Introducing as it does legislation providing for an extension of the powers of the Canadian National Railways, particularly with a view to allowing the company to construct short lines without special permission, this resolution provides us with an opportunity of dealing with a subject which is of great interest to the northern part of the constituency of Roberval, which I represent in this house.

At the present time, this part of my constituency, including the municipalities of Dolbeau, Mistassini, St. Stanislas, St. Eugene d'Argentenay, Notre Dame de Lorette and Ste. Elizabeth de Proulx, plus part of this last named community and four others situated in the adjacent constituency of Lake St. John, is served through Dolbeau where the Canadian National Railways terminal is situated.

The economic advantage of a railway line and station to any community is well known. The value of such facilities can only be appreciated, in fact, by those who are deprived of them. Mistassini is in that case. Its trade, its postal service, its tourist facilities, the projected establishment of small industries, the existing industries and its agriculture, in a word, the economy of Mistassini in general is seriously handicapped by the lack of a railway.

The Mistassini area holds a population of 4,000 people, 3,000 of whom live in the town of the same name. Its economic life is based on forest products and the paper mill of the St. Lawrence Corporation, on trade of various kinds and on agriculture. A railway would strengthen the economic situation of the Mistassini area and would enable its industrious people to show what they can do. Ten years ago that district was contributing little to the economy of the district but its geographical location enabled it to assume an ever-increasing importance.

The bringing of the railway to Mistassini would require a two-mile extension of the line and the building of a bridge across the Mistassini river, which separates Dolbeau from Mistassini.

As they are made of wood and are more than 25 years old, the Dolbeau station and freight and express sheds are in need of major repairs, and as this project would probably mean the shifting of that station and those sheds to another part of the town of Dolbeau, the Canadian National should not miss the opportunity to rebuild those buildings which are out of date and not in keeping with such a fair town.

Fully aware of the needs of Mistassini and of the projects made for the future of that fast growing town, which now enjoys all essential services except those of railway transportation, I rely on the sympathetic consideration of this government and the Canadian National Railways for this project which I am anxious to see carried out, as are all my fellow citizens from Mistassini.
(*Text*):

Mr. Knowles: Thanks to the hon. member for Temiscouata, Mr. Chairman, and those who have followed him, perhaps I can now conclude the remarks I sought to make some time ago. I agree with the hon. member for Prince Albert that we have been having far more difficulty than should be the case in our efforts to obtain figures about lay-offs on the Canadian National Railways. However, we have been able to get some information. The figures we have obtained cannot be described as the numbers that have been laid off. But since we have been given levels of total employment at certain periods we can, by a process of simple arithmetic, determine what the net decrease has been. That does not take into consideration any additional numbers who may have been hired and fired in the meantime.

Mr. Diefenbaker: Or those retired.

Mr. Knowles: That is right. In the light of the figures appearing at page 2102 of *Hansard* for March 17, 1955 it appears that between August 1954 and January 1955 there was a drop in employment on the Canadian lines of the Canadian National Railways to the extent of 7,758 persons. It is a figure of that kind which makes the matter of lay-offs by the C.N.R. a serious one.

On that same page there are figures for the western region; and I note that in that area nearly half of this decline in employment has taken place. In that same period, from August 1954 to January 1955—and I understand all of these dates are at the middle of the month —there was a decline in employment of 3,844 persons.

I agree with the hon. member for Prince Albert that we should be able to get information far more readily than is the case. But even more important than getting the information is to have a stop put to this trend of lay-offs which is so serious for the men affected, as well as their families, not to mention the community as a whole.

I wish also to join in the protest made concerning the way in which the Canadian National Railways circumvent collective agreements with certain unions by contracting work out to R. F. Welch Limited. This is a serious matter. As hon. members may recall, I have asked the Minister of Labour in the house if his department could not go into this matter in some way. However, when I suggested that a commission of inquiry be established the minister replied that he did not feel there was anything his department could do. Meantime, employees of the Canadian National Railways doing this kind of work, and doing it under collective agreement, find that they are by-passed by a company which goes outside the terms of the agreement, when the work is let out by contract to the R. F. Welch company.

I wish also to say a few words about the policy of the Canadian National Railways with respect to its retired employees. Like the hon. member for Temiscouata, I feel I should relate my remarks to the legislation before the house. One of the acts to be consolidated is the Canadian National Railways Act; and I find that under the provisions of that act, by cross-reference to the Railway Act, the Canadian National Railways may set up and administer its pension plans. As hon. members know, there are a large number of retired C.N.R. employees on pensions that are ridiculously low. Again, if reference is made to *Hansard*, this time at pages 1762 and 1763 of March 7, 1955, it will be found that there are still ten retired C.N.R. employees on

pensions of less than $25 a month. In addition, there are 3,209 on pensions of only $25 a month. The tables on these pages are exhaustive, and I shall not attempt to repeat all the figures given.

However, may I say by way of summary that it appears there are a total of 19,460 retired C.N.R. employees who are on pensions, and that of that number there are 7,008 who are on pensions of less than $40 a month. Bearing in mind the fact that 3,209 are receiving only $25 a month, I suggest the time is long overdue for an increase in the pensions of those who draw only the basic pension, and for an adjustment in the pensions of those who are in the lower and middle brackets.

I regret the new Minister of Transport finds that he cannot say anything concerning these retired employees that is different from what his predecessor said. The main reply given to the associations who appear before the government from time to time is that these pensions are given and their amount determined by virtue of a contract. The argument is put forward that other persons who are drawing pensions under the terms of certain contracts are not having their pensions increased; and the question is then asked: Why should the government or why should the Canadian National Railways take action of that kind?

If it were true that no other group of pensioned employees had received any increase after going on pension, it would still not excuse the government from giving a lead in the matter. But as hon. members know, there are a number of instances where retired employees have been given increases even after going on pension. Certain levels of government in this country, as well as in other countries, have taken action along this line. For instance, in the last two or three months the retired teachers in this province of Ontario were given increases in their pensions. As a matter of fact the Canadian Pacific Railway makes a very slight addition to the pensions of those who are in the low brackets. I admit the supplement is small, and I admit also that the amount is taken off when the pensioner reaches the age of 70 and goes on old age security. But at least there are these examples of other employers who are trying to do something for their retired employees who are suffering because of what has happened in the meantime to the cost of living and to the value of the pension paid to these people.

After all, it should be recognized that if the Canadian National Railways is a great institution today, it is partly because of the work being done by those who are now its employees and partly because of the work of those who have been its employees in the past. I submit it is not fair to these faithful servants of this government-owned railway, who have served in years gone by, to ask them to continue on pensions of the amounts I have repeated this afternoon.

I strongly urge the Minister of Transport to take a new look at this matter. I do not blame the minister, coming new to this portfolio, for following in the footsteps of his predecessor for a little while. A great many problems have been thrown on his doorstep, and there are many strings he has to pick up, with the result that it is only natural that he would carry on along the lines followed by his predecessor. The fact remains however that he is the person who is finally responsible, and that he is the person who is in parliament and who is answerable to members of parliament. I suggest therefore that he should take his own fresh look at the situation with a view to understanding just how serious the situation is for these people, and that he should try to find some way to do something about it, either by persuading the Canadian National Railways to act in the matter or by persuading his cabinet colleagues that the government should act so there would be brought about an increase in the pensions of these people who are in the lower brackets.

There were some other matters about which I wished to speak, but because so much time has been lost I shall only mention them in passing. I think it has not been good for the morale of Canadian National employees generally; I think it has not been good for the standing of Canadian National Railways in the eyes of the Canadian people, that the C.N.R. should have sold four of its institutions to be turned over to private hands. I refer to certain hotels and summer resorts. Likewise I feel that way about the decision of the management of the railway to lease the Queen Elizabeth hotel in Montreal to the Hilton chain. I have had a great many letters about these matters from citizens of Canada who wonder how these things gibe with the loyalty the Canadian government and the Liberal party are supposed to have to the principle of public ownership involved in the ownership by the people of Canadian National Railways.

These matters have been debated at length in this house, but I wanted to register my protest against what has been done in the context of steps that have been taken which have the effect of lowering the morale of Canadian National personnel and which affect the prestige and standing of the Canadian National Railways in the eyes of the Canadian people. So far as I am concerned and so

far as the members of this group are concerned, we are proud of the fact that we have a publicly owned railway system such as the Canadian National Railways, including not only its railroad operations but its various subsidiary operations. We do not want that excellent system to suffer in the way that we feel it has been suffering recently.

To me the things we have been discussing today are exceedingly important. I refer to the matters I have just mentioned in passing, and particularly to the pension position of those who are already retired and to the uncertainty and fear of losing their jobs that hang over so many of the employees. In the name of the prestige which the Canadian National Railways deserve in this country I call upon the government to review these matters and do something about them, particularly to raise the pensions of those in the lower brackets and to put an immediate stop to the lay-offs that have been taking place.

(*Translation*):

Mr. Balcer: Mr. Chairman, like the previous speakers, I must say that the consolidation into one statute of the various enactments relating to the national railways is a step in the right direction; however, there are some parts of the present resolution which, to my mind, are a cause of serious concern, and this prompts me to protest against anything in the resolution which would remove from the control of parliament certain activities of the management of the Canadian National Railways. In my opinion, a member from the province of Quebec cannot help noting the more or less favourable attitude of the Canadian National Railways towards our province.

Among the Canadian provinces, Quebec is the one with the least trackage having regard to its population and, after Newfoundland, the province with the least trackage having regard to its area. In view of this treatment inflicted upon the province of Quebec, whether deliberately or not, by the management of the national railways any legislation which could remove from the control of parliament certain activities of the management of the national railways cannot but cause concern.

We have a case in point in the now famous Chibougamau railway matter; the policy of the C.N.R. management has brought great financial losses to the lake St. John district. In fact, because the Chibougamau-St. Felicien railroad has not been built, a $20 million refinery, which was to have been erected at Chicoutimi, will not be built—

Mr. Marler: The hon. member should be more serious!

Mr. Balcer: Well, I received my information from a mining engineer who is well conversant with the matter; he has met the promoters of the refinery.

He told me that when those people saw that a railway line was being built from Chibougamau to Beattyville and that the mining companies of Chibougamau could use the smelters at Noranda, well, those people abandoned their project of investing nearly $20 million in such a refinery. If such a large smelting plant had been built, it would have provided employment for a large number of people in Chicoutimi. My hon. friend from Roberval (Mr. Villeneuve) may find that funny, but I think that the people of Chicoutimi, as well as those of his own constituency and elsewhere, have been able to see for themselves that the Canadian National Railways had lost the pioneering spirit which should characterize such an enterprise.

Mr. Langlois (Gaspe): Would the hon. member permit a question?

Mr. Balcer: Yes.

Mr. Langlois (Gaspe): Has the hon. member read that part of the report of the Eastern Smelting Company—the company which intended to build the refinery at Chicoutimi—where it is stated that the refinery project was dependent on the securing of a contract from the United States defence department?

Mr. Balcer: I shall be pleased to listen to the hon. member if he will make his own speech when I am through with mine.

Mr. Langlois (Gaspe): I have read the report, even if you have not.

Mr. Balcer: I have not read the report, but I have information which might be as interesting as that in the possession of the hon. member.

Mr. Langlois (Gaspe): I prefer the information coming from the directors of the road. You would do well to answer my question.

Mr. Balcer: If the hon. member wants to talk about railways, he will have that opportunity in the course of this debate. Still, as I pointed out in my opening remarks, I protest against any bill as a result of which parliament would be deprived of control over the activities of the management of the Canadian National Railways.

Quite recently we have been aware of certain mistakes which have aroused strong criticism throughout this country, particularly the well known case of the Canadian National hotel in Montreal. That question was discussed at great length in the railway committee. I do not wish to labour the point, but it must be admitted that there has been quite a lot of violent criticism directed at the Canadian National Railways. That is why I consider it absolutely necessary for parliament to continue and increase its control over the management of the railway, and that it should even be able to force them to give any information desired at any time.

Since my hon. friend from Prince Albert (Mr. Diefenbaker) has very ably stated the relevant facts, I shall not cover the subject again.

As a representative of the province of Quebec, I deem it my duty to take this occasion to ask the government to urge the authorities of the Canadian National to extend the total length of their railway lines in the province of Quebec in a proportion commensurate with our population.

The Canadian National now has a wonderful opportunity to contribute to the development of the province of Quebec through the construction of a railway on the north shore, whose mining and forest resources are practically limitless and where it would be possible to develop nearly seven million horsepower. If the Canadian National did its duty there, that part of my province would undergo a much greater expansion. It is, of course, an important undertaking; I trust nevertheless that, even if not the first year, but in the not too distant future, the Canadian National Railways would benefit to an extent which would enable them to overcome their financial difficulties.

Mr. Chairman, I just wanted to make these few remarks in order to protest against any attempt on the part of the government to withhold from the supervision of parliament anything which has to do with the management of the Canadian National Railways.

(*Text*):

Mr. Nicholson: Mr. Chairman, I should like to deal briefly with two matters before the resolution passes. The hon. members for Prince Albert and Winnipeg North Centre have referred to the relationship between R. F. Welch Limited and the Canadian National Railways. A number of men employed by R. F. Welch Limited have been engaged in my constituency during the summer months, and there is a good deal of dissatisfaction over the arrangements. It is very difficult for a member of parliament to find out how many are employed by R. F. Welch Limited at any given time, how much per day these men are paid, how much per day R. F. Welch Limited is paying for the services of the men.

At the beginning of this century we did take advantage of immigrants by asking them to do jobs that Anglo-Saxons disliked very much, and very low wages were paid. In the middle of the twentieth century I do not think it is good enough to bring immigrants to the country and ask them to compete with men who belong to unions, at wages which are apparently a great deal less than would be paid to Canadians undertaking that work. I have been told that R. F. Welch Limited makes up to $2 a day out of the labour of as many as 1,200 men at a given time. I do not know whether it is that much, or how much it is.

I realize that the men are under obligations to R. F. Welch Limited as a result of that company making it possible for them to be in Canada, but I think the parliament of Canada has a right to know all the details in connection with the relationships which exist between R. F. Welch Limited and the immigrants who come to Canada, and how much if anything the company is making per year as a result of the use of immigrants on the maintenance of way of the Canadian National Railways. I hope the minister will persuade the Canadian National Railways that these are matters of public concern. All the people of Canada have a right to be told exactly what are the details.

Earlier this afternoon the minister was kind enough to give the house some information regarding the operations of the two dieselized trains which started on Sunday. Earlier in the session I raised the question to find out why the Canadian Pacific had been able to announce the new faster service before the Canadian National Railways. The minister was able to draw my attention to the fact that both railways announced the service on the same date, but in the *Gazette* on that particular date the Canadian Pacific did announce in detail the saving in time that would be effected across the country, whereas the Canadian National Railways merely announced that they too were going to run a faster train.

The only reason I raise this matter is that throughout the years I have been a great advocate of public ownership. Having travelled on both railways, I think the Canadian National Railways has always given a comparable service. Some of my colleagues

are favourable to the Canadian Pacific, but both railways have given service of a very high order.

However, in recent months particularly there is a feeling that the Canadian National Railways are not getting a fair break. While it is true that the Canadian National Railways have a slightly longer run from Montreal to Vancouver, the difference is only 49 miles. Until Sunday the Canadian Pacific led the Canadian National Railways by only 15 minutes in the distance of 2,930 miles. If throughout the years the Canadian Pacific was able to drag along with just that difference, I cannot understand why now it becomes so much more hazardous for the Canadian National Railways to make the run across Canada in the same time or in 15 minutes less time than the Canadian Pacific.

I was a member of the railways and shipping committee some years ago when I believe it was Senator Reid, the member for New Westminster at that time, who expressed the opinion, when Mr. Vaughan was president of the railway, that the Canadian National could easily cut off 12 hours. I think Senator Reid said that coming east they were 12 hours late out of Edmonton but reached Ottawa on time. I believe Mr. Vaughan admitted that the Canadian National Railways could cut their time by 12 hours, but he said that they wanted to arrive at Edmonton, Saskatoon, Winnipeg and other large centres at convenient hours, and there was not much point in going into Saskatoon at three o'clock in the morning or leaving Winnipeg in the middle of the night or reaching Toronto or Montreal at sometime between midnight and four o'clock in the morning. So those schedules were considered satisfactory.

It is hard for me to understand, if the Canadian Pacific is now making the run safely in the time they set out, why the Canadian National should have to take two hours and ten minutes longer. The Canadian Pacific will leave Montreal at one o'clock; business people will be able to have their lunch on the train, and in due course this train will reach Vancouver at 9.10 in the morning. So business people going from Montreal to Vancouver by train will have a half day in Montreal and a full day in Vancouver.

Those who travel via C.N.R. will have to hang around in Montreal until 3.25 in the afternoon and they will reach Vancouver at 1.45 p.m. on the same day the Canadian Pacific train will arrive at 9.10 a.m. So those who are travelling for business reasons will lose all the morning and it will be well on into the afternoon before they arrive in Vancouver. It would seem to me that the Canadian National should be able to make the run across Canada as quickly as the Canadian Pacific, or certainly do better than run two hours and ten minutes slower.

It has always been argued that the Canadian National has a better roadbed. I came back from Winnipeg at Easter on the Canadian Pacific. I have been a C.N.R. man all my life, but I wanted to see what the Canadian Pacific was like. I was able to see the new dome cars, and they are very attractive. Those who have travelled over the C.P.R. will agree that there are a great many sharp curves as you follow the north shore of Lake Superior. Those who have travelled across the Rockies will also agree that the Canadian National has a much better crossing through the mountains. I checked, and I find that the Canadian Pacific has to climb to a height of 5,332 feet at Stephen, as compared with a maximum of 3,717 feet at Yellowhead on the C.N.R. In other words the C.P.R. has to climb 1,615 feet higher to cross the mountains. The Canadian Pacific at Calgary is at a height of 3,438 feet, which is 1,349 feet higher than the Canadian National—

The Deputy Chairman: Order. In interrupting the hon. member who has the floor, I realize that I may appear to be exercising some unfairness. May I say that I have been in the chamber during the whole course of this debate except for 15 minutes. I understand that there has been a sort of tacit agreement that what we do today shall not be considered binding, because the matter of what is and what is not relevant is under study at the moment.

I am going to ask the hon. member who has the floor and those who follow him if they will ask themselves whether the matters they are discussing can conceivably be brought within the terms of the resolution which is before us. The hon. member is discussing the respective merits of the timetables. Some of the subjects which have been brought up for discussion—and on this matter I have my own views but I am not going to inflict them upon the committee at the moment—may or may not be regarded as falling within the purview of this resolution. Others definitely cannot be said to do so.

I am not going to rule anybody out of order today on the ground of irrelevancy because of the latitude which has been allowed. However, I am going to ask the members of this committee not to go any further afield than their good sense tells them the resolution would allow.

Mr. Nicholson: Thank you, Mr. Chairman. I shall conclude this portion of my speech and in fact my whole speech very shortly. I was merely raising this particular problem

in order to express the concern felt by many of my friends with regard to the future of the Canadian National Railways.

I am most anxious that parliament should not be placed in the position that we have less information and less supervision of the officials of the Canadian National Railways. As I said, I think there is a tendency to ask parliament to give up some of its responsibilities to the management and to the government. In the resolution it has been proposed to give the Canadian National the right to construct short lines without specific parliamentary authority. I am quite concerned about this trend that seems to be developing, and it certainly is giving a great deal of concern to Canadian National Railways employees who feel that the government-owned company is not getting its fair breaks.

I shall conclude by saying this. The Canadian Pacific Railway has taken the lead in introducing this stainless steel train. It is able to boast that it is the only railway in Canada that has dome cars. I agree with Austin Cross who wrote in the *Citizen* yesterday that the new train is one of the finest anywhere. I think it is a pity that the Canadian National Railways have not been able to get similar equipment and are not able to compete with the Canadian Pacific Railway in the run from Montreal to Vancouver and from Vancouver to Montreal.

Miss Bennett: In view of the fact that it is almost five o'clock, Mr. Chairman, when we proceed to the consideration of private members' bills, may I call it five o'clock?

At five o'clock the Speaker resumed the chair.

The Acting Speaker (Mr. Applewhaite): It being five o'clock, the house will proceed to the consideration of private and public bills.

CRIMINAL CODE

AMENDMENT WITH RESPECT TO WATER POLLUTION

The house resumed, from Tuesday, April 5, consideration of the motion of Mr. Diefenbaker for the second reading of Bill No. 186, to amend the Criminal Code (nuisance).

The Acting Speaker (Mr. Applewhaite): While I have not checked the matter, the hon. member for Prince Albert will permit me to say that, if he speaks now, he will close the debate.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, this amendment was introduced on March 18 in order to cover the matter of the pollution of interprovincial streams. Because of the long period that has elapsed since its introduction I should like to refer to it for the purpose of having it on the record. It reads:

> Every owner, lessee, or person operating any industrial plant, oil refinery, chemical works, sawmill or other plant or works, or any other person, who discharges or throws or allows to be discharged or thrown any noxious waste product, raw sewage, oil, sawdust, chemical or other matter or thing into a river, stream or other water any part of which is interprovincial or which flows into any interprovincial water, which has the effect of endangering the lives, safety, health or comfort of the public is guilty of
>
> (a) an indictable offence and is liable to a fine of ten thousand dollars for a first offence and of twenty thousand dollars for a second offence, or
>
> (b) an offence punishable on summary conviction.

Such punishment, of course, would be in accordance with the provisions of the Criminal Code with relation to summary conviction penalties.

I want to thank all those who have spoken on this amendment. Generally speaking I think there has been agreement that the pollution of our interprovincial streams is a matter of ever-increasing seriousness, and that across Canada in practically every province the waterways are becoming polluted to a degree that will ensure, in a matter of a generation, the almost complete destruction of their usefulness for domestic or manufacturing purposes, unless action is taken.

The Minister of Justice and Attorney General (Mr. Garson), in dealing with the matter, contended that a question such as this could be dealt with on the basis of co-operation as between province and province. In the past few weeks I have had from various parts of this country considerable correspondence indicating that this problem is national in scope and that federal action is necessary to meet it and to punish those who would destroy for the great body of the Canadian people the usefulness of the God-given rivers which supply our manufacturing industries and are also a source of our domestic water supply.

There was a request on the part of various fish and game organizations for legislation such as is embodied in this amendment. A recent example, to which I shall but allude, was the occurrence on the North Saskatchewan river. As a result of the dumping of effluents by Canadian Chemical Company Limited into the North Saskatchewan river at a point east of Edmonton, the waters of the river were rendered unusable for a period of three months by the cities of Battleford and Prince Albert, the town of The Pas, and by people living between Edmonton and The Pas.

To summarize the minister's stand, he said first of all that there was no need for this legislation inasmuch as the amendments to the Criminal Code recently passed by par-

liament, which became law on April 1, would cover the situation. When the minister referred to that point I asked him a simple question, as is found at page 2504 of *Hansard* for March 29. The minister was turning to another point, and at that time I said:

> Before the minister goes on with that, will he permit a question?
>
> Mr. Garson: Yes.
>
> Mr. Diefenbaker: It has to do with the suggestion he made the other day that the new section is different in import and purport from the old section.

Then I read the old section, which was as follows:

> A common nuisance is an unlawful act or omission to discharge a legal duty, which act or omission endangers the lives, safety, health, property or comfort of the public, or by which the public are obstructed in the exercise or enjoyment of any right common to all His Majesty's subjects.

That section had been in the law for many years. That was the section at the time the event took place to which I referred a minute ago, when the North Saskatchewan river was to all intents and purposes but a floating sewer of effluents that had been dumped into it by an industrial concern east of Edmonton. The amendment which became law this year reads as follows:

> (2) For the purposes of this section every one commits a common nuisance who does an unlawful act or fails to discharge a legal duty and thereby
>
> (a) endangers the lives, safety, health, property or comfort of the public, or
>
> (b) obstructs the public in the exercise or enjoyment of any right that is common to all the subjects of Her Majesty in Canada.

Then I asked the minister this question:

> What is different in these two sections?

The minister replied quite frankly and said:

> If I understand my hon. friend's question correctly he is asking me whether I contend that the new section differs in any point of substance from the old section. I agree that there is no substantial difference between them. I did not argue that there was.

However, a reading of his earlier remarks would indicate that one of the reasons he gave for opposing the amendment I suggested was that the new amendment to the Criminal Code now in effect would make it a punishable offence to destroy the waters of any river, so far as use by the public was concerned, in the manner which was in evidence on the North Saskatchewan river.

Then the minister took up another line, as I saw it, and stated that the amendment now before the house did not cover municipalities dumping sewage into rivers. I am not so sure he was right in that regard, because it would make it an offence for any person to dump raw sewage into a river. However, to make assurance doubly sure I asked the minister this question, as is found at the top of page 2507:

> If my amendment were altered to include municipalities which put raw sewage into rivers and thereby contribute to the pollution, would the minister then accept it?

This was his answer:

> I am now expressing my own personal views. I would not accept it because I would think if that were done it would expose a great many municipalities, including perhaps the city of Ottawa, to prosecution in police court, which prosecution would in my judgment contribute very little, if anything at all, to the solution of the problem with which the hon. member is attempting to deal. In other words, I do not think police court prosecutions are a solution for river pollution.

In other words the minister first took two stands, and when faced with an answer to both those stands he finally took the position that he did not believe prosecution was the best means to prevent wrongs such as were committed against the peoples of the cities of Prince Albert and Battleford and the town of The Pas. I think the best summary of the situation was given in an editorial in the Saskatoon *Star-Phoenix* of April 15, 1954. After reviewing the situation prevailing on the North Saskatchewan river the editorial went on to say:

> Hitherto there has been a tendency to take the protests of the people of Prince Albert and Battleford much too lightly; to regard the unpleasantness of their water as little more than annoyance; even, on occasion to treat the efforts of elected representatives to obtain a solution as mere politicking. Why this should have been the case, why the right of human beings to water as pure as nature and normal circumstances offer should have been so disregarded, we don't know. But we suspect the fisheries report—

That was the report issued a few days earlier by the director of fisheries of Saskatchewan.

> —will put a different complexion on the matter; and for that reason above all it is to be welcomed.

Then there is the following:

> To this end it may be necessary to widen the scope of federal law so that it covers a broader range of types and effects of pollution—so that it is more in accord with conditions likely to crop up in our industrializing age. But law is only a deterrent, not a preventative. Something more is needed, something which will meet the difficulties caused by the fact that pollution of waters in one province may, as in the case of the North Saskatchewan, produce harmful results in another. Here we believe the establishment of an agency patterned on the prairie provinces water board or, for a start, an extension of that board's powers, offers the best solution.

Well, a board has been set up. In addition, as the *Star-Phoenix* editorial points out, teeth should be put in the law. As the law is at the present time, the opinion of the best counsel procurable was to the effect that the section did not permit of any successful

prosecution being launched against the wrongdoer. The same situation prevails in other parts of the country.

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

Mr. Diefenbaker: Yes.

Mr. Garson: Was that opinion of counsel, to which he has just referred, based upon the fact that counsel was not assured that there was sufficient evidence upon which a conviction could be obtained?

Mr. Diefenbaker: No, far from it. The question whether there is sufficient evidence is for the court. What was submitted to counsel—and by "counsel" I refer to the legal representatives who were consulted—was based upon the premise that the city of Prince Albert or any of the other municipalities had sufficient evidence upon which to establish the identity of the wrongdoer, and the opinion was that the section in question did not permit of a successful prosecution. I think it is pretty obvious when the section is read. It says:

> A common nuisance is an unlawful act or omission to discharge a legal duty, which act or omission endangers the lives, safety, health, property or comfort of the public, or by which the public are obstructed in the exercise or enjoyment of any right common to all Her Majesty's subjects.

My hon. friend says, as I understand his argument, that the unlawful act consists of the breach of a provincial health statute. Once that breach is established it gives rise to a prosecution under the section in question, as amended in the present Criminal Code, because of the fact that the doing of the act in question contrary to the health act of an individual province gives a right of action.

The opinion of counsel was that such was not the fact, and that the unlawful act as comprehended by the section in question must be an unlawful act within the meaning of the Criminal Code itself. Indeed, counsel gave legal precedents to support that viewpoint, and gave us their opinion that there was no right of criminal action to prosecute the wrongdoers who, for a period of three months, flouted the comfort of tens of thousands of people. I mention that not in order to bring forward this amendment as a means of protecting only the people of Saskatchewan along the North Saskatchewan river alone, but the people of several provinces along the course traversed by that river.

I feel that we in Canada face a problem which will have to be met. In the United States it is being met, but in Canada it is being by-passed by both parliament and the legislatures. I am not condemning the government of Alberta in any way when I say this, but according to the representatives of the government of Saskatchewan the government of Alberta did not take a very distinct interest in assuring that the waters, after they left Alberta, would be suitable for consumption in the other provinces the river traversed. After all, a number of great industries have been established in Edmonton, and certainly Alberta will do nothing to assist the other provinces in preserving the waters of the river unless the federal authority joins in and places teeth in the Criminal Code of this country, without which there is no protection to anyone living in a province through which a river passes on in turn to another province.

Mr. Low: Might I ask the hon. member a question? Is he not expressing merely his own personal opinion on that matter, based on some assumptions rather than on evidence?

Mr. Diefenbaker: That is the opinion of the representatives of the government of Saskatchewan, the department of health and the department of engineering, and it is my opinion based on a full examination of the documents. It was not by way of criticizing—

Mr. Low: But is it based on the opinion of the Department of National Health and Welfare?

Mr. Diefenbaker: After all, when you have two departments of two elements of government, federal and provincial, each trying to avoid responsibility you will not get unity.

Mr. Low: Is my hon. friend insinuating that the province of Alberta was trying to avoid responsibility?

Mr. Diefenbaker: Yes.

Mr. Low: I challenge that very definitely.

Mr. Diefenbaker: I do not insinuate it, I state it as a natural fact.

Mr. Low: I challenge that.

Mr. Diefenbaker: I would expect that. As a matter of fact, if my hon. friends have any questions to ask I would say that they had every opportunity to participate in this debate, but they maintained a silence which is somewhat unusual. Now that I am summing up the matter—

Mr. Low: My hon. friend did not make such silly statements then.

Mr. Diefenbaker: Facts are never silly.

Mr. Low: Bring out the facts.

Mr. Diefenbaker: Apparently I have stirred up my hon. friends. It is due, in part, to a realization that what I am stating is a fair and reasonable conclusion based on what actually occurred. If what I said was not borne out by the lengthy returns that have been brought before the house, and if it was not supported by the representations of the department of health in Regina, then there might be some reason for my hon. friends to raise an objection. But the fact remains that there was no prosecution initiated in any way by the government of Alberta to protect us.

They joined with the other provinces to discuss the question of a water board. They set up the machinery, but when it came to acting the attitude of the government of Alberta was that this was not their concern beyond the extent to which they had already co-operated. They refused, according to the representatives of the government of Saskatchewan, to act to support effective action to preserve and protect the water supply of provinces other than Alberta.

Mr. Holowach: May I ask the hon. member a question? Is the hon. member aware that Alberta has introduced measures to make it impossible, or rather to make it illegal, for anyone to pollute rivers? If so, I do believe the hon. member is rather unfair in casting a reflection on Alberta which is quite mindful of its responsibilities, not only to the people—

Mr. Diefenbaker: If that is a question and if the question is whether the province of Alberta has done something to protect and preserve the waters of the North Saskatchewan river so they will be usable in our province, my answer is that anything that has been done has simply been in an attitude of co-operation, but with a definite refusal to accept any responsibility to put teeth in the legislation concerning any water board that might be set up to assure that the people in the other provinces would receive water that was usable. I do not see why my hon. friends should become so aroused over that.

Mr. Blackmore: Because you are misrepresenting the case, that is all.

Mr. Diefenbaker: It is funny how my hon. friends—

Mr. Blackmore: Nothing funny about it.

Mr. Diefenbaker:—can get in such a state of excitement now, when they had nothing to say when this bill was being debated. They were the essence of silence. Indeed, they were absent, and now they are present.

Mr. Blackmore: There were not such slanderous remarks then.

Mr. Diefenbaker: I simply point out this, that the very fact they are stirred up indicates there is some reason for the criticism which I am offering.

Mr. Low: I hate to interrupt my hon. friend again, but a moment ago I rose at the point where my hon. friend said, and I cannot quote his words exactly, that although the province of Alberta had joined in setting up the water board it had refused to act. I wanted to ask my hon. friend if he had read the letter which the Minister of Justice quoted in this house on March 29, as recorded at page 2505 of *Hansard*, written by Dr. Cross, the minister of health in Alberta, to Mr. Bentley, the minister of health in Saskatchewan, under date of January 24, and particularly the last paragraph of that letter.

Mr. Diefenbaker: All right; I read it, and I heard it read. But Mr. Bentley has since said, through his representatives, that there has been no serious co-operation on the part of the Alberta government and its officials to protect and preserve the waters of this river.

Mr. Low: I would hate to base my case on Mr. Bentley.

Mr. Blackmore: Why not represent the thing accurately?

Mr. Diefenbaker: Well, my hon. friends keep on interrupting and making these loose statements, but the record stands. My hon. friends are opposed to this amendment because they do not want teeth put in the legislation. They realize that one, and possibly more, of their industries in Alberta would be subject to prosecution. Naturally, with the solicitude that the provincial attitude gives them, they oppose the amendment in this form because it would place teeth in the law and would preserve us under the law from pollution, by making it possible to punish effectively those who deliberately pollute interprovincial streams and thereby deny the use of the waters of those streams to other provinces.

Having said that, and having pointed out the dangers, I would hope to receive support from various hon. members. In particular I would refer to the hon. member for Rosthern (Mr. Tucker), who on April 2, 1954, indicated in the house that the pollution of rivers is a crime under the present nuisance section of the Criminal Code, and that if it was not a crime, then in his opinion under the law it should be made one.

It is a crime to place in rivers anything that will interfere with the lives of fish. Under the Fisheries Act that is set out as a pseudo-crime; but, as yet, it is no crime to put interprovincial rivers and waterways in

a condition whereby they cannot be used by humans. It is because of that, sir, that this amendment was drafted in a form that the law officers of the crown believed would cover the situation, a form which in my opinion places in the hands of those who are wronged the power to launch prosecutions against those interests, however powerful they may be. It provides suitable and heavy penalties against any industries or other bodies anywhere that would flagrantly destroy the water resources of the nation in interprovincial streams.

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

YEAS

Messrs:

Aitken, Miss
Argue
Balcer
Barnett
Bell
Bennett, Miss
Blackmore
Blair
Brooks
Bryce
Bryson
Campbell
Cardiff
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Dinsdale
Dufresne
Ellis
Fairclough, Mrs.
Fleming
Fraser (Peterborough)
Fulton
Gagnon
Gillis
Green
Hahn
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hansell
Harkness
Herridge
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Lennard
Low
Macdonnell
MacLean
McBain
McCullough (Moose Mountain)
McGregor
McLeod
Montgomery
Murphy (Lambton West)
Nesbitt
Nicholson
Noseworthy
Nowlan
Pallett
Patterson
Pearkes
Perron
Poulin
Quelch
Regier
Robinson (Bruce)
Rowe
Small
Stanton
Starr
Stewart (Winnipeg North)
Thatcher
Thomas
Trainor
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Yuill
Zaplitny—78.

NAYS

Messrs:

Anderson
Applewhaite
Arsenault
Ashbourne
Balcom
Batten
Bennett
Blanchette
Boisvert
Bonnier
Bourque
Brisson
Brown (Essex West)
Bruneau
Buchanan
Byrne
Cameron (High Park)
Campney
Cannon
Caron
Carrick
Carter
Cavers
Clark
Crestohl
Croll
Dechene
Decore
Denis
Enfield
Eyre
Fairey
Follwell
Fraser (St. John's East)
Gardiner
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hanna
Harris
Harrison
Healy
Hellyer
Henry
Hollingworth
Hosking
Houck
Huffman
James
Kickham
Kirk (Shelburne-Yarmouth-Clare)
LaCroix
Lafontaine
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacDougall
MacEachen
MacKenzie
MacNaught
McCann
McCubbin
McCulloch (Pictou)
McIvor
McWilliam
Mang
Marler
Masse
Matheson
Meunier
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nixon
Pearson
Philpott
Pickersgill
Pinard
Pommer
Power (St. John's West)
Proudfoot
Prudham
Purdy
Ratelle
Reinke
Richard (St. Maurice-Lafleche)
Richardson
Robichaud
Robinson (Simcoe East)
Rochefort
Ross
St. Laurent
Schneider
Shipley, Mrs.
Simmons
Stick
Stuart (Charlotte)
Thibault
Valois
Viau
Villeneuve
Weaver
Weir
Weselak
White (Waterloo South)—119.

[Mr. Diefenbaker.]

Mr. Speaker: The business of the house reserved for this hour having been dealt with, the house will revert to the business which was being considered at five o'clock.

CANADIAN NATIONAL RAILWAYS

CONSOLIDATION OF LEGISLATION—AUTHORIZATION FOR OPERATION OF TELECOMMUNICATION SYSTEM, ETC.

The house resumed consideration in committee of the following resolution—Mr. Marler—Mr. Applewhaite in the chair:

That it is expedient to introduce a measure to consolidate the various enactments relating to Canadian National Railways into one statute, also, to provide that the Canadian National Railway Company may operate a telecommunication system, to authorize officers and employees of the Canadian National Railways to act as directors of partially-owned companies, to authorize the company to construct short lines without specific parliamentary authority and to operate motor vehicles and further to make provisions for extinguishing charters of constituent corporations.

Miss Bennett: Mr. Chairman, I find myself in a somewhat peculiar position, because the hon. member who spoke previously said that he thought any further remarks on this matter might be tempered with common sense. I find that I have to judge my common sense as compared with that of the hon. gentleman who has just spoken.

I realize that this debate has been very wide. It has covered perhaps the whole gamut of the Canadian National Railways. But there is a matter of very great importance which I should like to bring to the attention of this house at this time, and I hope it will not be completely out of place. As a matter of fact, when I look at the resolution I see that it has to deal with the construction of short lines without specific parliamentary authority, and also authority to operate motor vehicles.

I should like to say only a few words in connection with the commuter systems in this country. First of all I should like to speak generally, and then I should like to come down to the specific situation which I find in my county and the county of Peel.

If I may be permitted to say so, the general principle is perhaps that the Canadian National Railways has arrived at a point in its outlook and in the general business practice of this country when it must decide whether it may have to change its methods of carrying on railroading. It has always been assumed that the long runs were the ones that paid in this country, but I notice that not so long ago before the committee the chairman of the company made the suggestion that it might be considered feasible on the part of the Canadian National Railways to look into the matter of the short inter-urban runs, and to deal with suburban services.

It is exactly that of which I should like to speak. It may well be that we have arrived at that stage of railroading. I should like the minister to note the lack of public support for this railway and the fact that the Canadian National Railways is now showing a deficit. If we are cognizant of the rights of the people of this country we should not be asking for an extension of this service, and I do not want to be placed in the position of asking for that. But I do say, Mr. Chairman, that the time may have arrived for us to consider the carrying on of inter-urban communication, particularly having in mind that many parts of this country are becoming thickly populated. People are coming into large centres for industrial reasons, and they are finding that as the population grows they have to live farther out. They have to come into the great cities or industrial centres to work or carry on business.

In my county of Halton—and may I speak too of the county of Peel, with deference to the hon. member for Peel—we have this situation. We have Toronto itself and metropolitan Toronto. I think I can safely say that thousands of people have gone from the centre of what used to be considered Toronto to live out in the southern part of the county of Peel and the southern part of the county of Halton. They go back daily into Toronto and nearby centres to work in factories or offices, or to carry on their business, whatever it may be.

That area from Oakville to Toronto, a distance of 21 miles, has a population of 700,000 people including outer Toronto proper. A very large number of those people are commuting every day to Toronto and nearby from Oakville, from Clarkson, from Port Credit, from Mimico and all those surrounding centres; and, of course, they are coming home at night. Serving that area we have actually only two great highways, the lake shore highway, which is rather antiquated, and the Queen Elizabeth way. Every morning and every evening you see those highways completely and totally congested. It takes about an hour, an hour and a half, or even two hours at times to get into the city or get home, to say nothing of the danger that is created.

For some time we have been asking for commuter service over the Canadian National Railways, because that is the line that runs through Oakville, Lorne Park, Port Credit and so on. What I am saying applies not only to my area but generally to the areas of many hon. members of this house. We are asking that something be done to increase or better these services.

The service at present is this. In the morning we have two trains—they are not actually commuter trains but merely trains that run from Hamilton and pick up people at these various points—that arrive in Toronto before nine o'clock. We have another that arrives between nine and ten o'clock, but it is not a commuter train at all. In the evening, leaving the city, we have three trains that leave after five and arrive by 7.30, which is a very late hour.

Although I have not made an exact survey of the other services throughout Canada, I think perhaps the most nearly comparable and most outstanding service is that at Montreal. It is an old city and the people there have been given this service for many years. In place of two morning trains I find that they have ten modern trains that arrive in Montreal before nine o'clock. In place of

three evening trains they have some twelve trains. Then of course they have trains interspersed during the day and later on into the night.

I am not saying this is absolutely correct, but I am told that the population in my area, in the counties of Halton and Peel, is now almost twice that being served in the same area down near Montreal. In addition, the cars we are using on what might be called our sham commuter service are old. They are not up to date. The service is not speedy. There are great delays.

The fare has been raised by 75 per cent since last September. In other words, where we were paying $10 for 40 rides down to the end of the county, we are now paying $17.50 for 40 rides. There has been no improvement in service, although there has been some improvement in the cars and equipment. By September 1 there will be another 25 per cent raise and we shall then have had a raise of 100 per cent. On the other hand, down in the Montreal area I believe there has been a raise of about 50 per cent.

We are not finding fault with the Canadian National Railways in connection with what they decide to do in the Montreal area as to the number of trains, the price they charge or anything of that kind. What we should like to have is some parity of service, some recognition of the fact that we are a growing area and that we have a great problem which is becoming greater every day.

In all fairness may I say this. Personally I believe that the whole of the people of this country are responsible for this railway. We have been to the commission and we have been to the president. Sometimes I think, as was said this afternoon, that the president owns the railway when he is giving orders but the people own the railway when it comes to paying the bills.

What I should like to suggest to the minister, if he would take it into consideration, is not that extra trains be put on at this time. Perhaps we cannot afford that. Perhaps the Canadian National is being pressed. I suggest that he go into this whole question of the future service of the Canadian National Railways to this country, with particular reference to the conditions in these thickly populated areas.

We would ask that this one thing be considered by the minister. There are several of what we call flyers, to use common terminology. For instance, there is the Chicago flyer, which very often has to stop at Oakville, and very often it is flagged down at Clarkson. Without losing much time or without much loss with regard to service I should think that flyer could stop and pick up these commuters. Going out from Toronto in the evening, between 4.30 and seven o'clock, are two such trains that also could be used for this purpose. That is all we are asking at this time.

This is a pressing problem, and one that is growing greater all the time. Without offering any criticism of what the company or the government does for other centres, we ask that they consider the problem we have with this growing population and growing industrialization. We ask that, if it is at all possible, we be brought to parity with other large centres in this country. We also ask that consideration be given to making some use of the service that is already available there. We suggest that it be opened up to the commuters of my county and, if I may say so with respect, those of the county of Peel, because this matter is a great problem to them as well.

Mr. Hamilton (Notre Dame de Grace): As it is nearly six o'clock, Mr. Chairman, may we call it six o'clock?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Hamilton (Notre Dame de Grace): Mr. Chairman, I would think there is a great deal of material that could either be discussed on this resolution or left to the estimates. Much of what I might have said I shall leave to the estimates. I shall not, for example, discuss at any length the feeling I experienced over the last week end when that magnificent Canadian Pacific transcontinental train, the Canadian, with its dome cars, started on its way across the country with public attention focused on it, everybody thinking about it and reading about it, and press representatives clamouring to get on it, when at the same time the equipment of the new C.N.R. train definitely, and regrettably, had to take second place. In fact, so much did it have to take second place that the C.N.R. had to run a special train on Saturday to give the press people an opportunity to view the new equipment, because they were all going to ride on the new C.P.R. train Sunday night. I think things like that are perhaps much better left to the estimates when we can discuss them in detail.

But, Mr. Chairman, when we look at the Canadian National Railways it does stir our imagination more than a little bit. When you think of the history of these lines, somewhat checkered at times, you cannot help

but feel that there is a challenge to Canadians to take this tremendous transportation system and do everything each one of us can to see that it attains and retains the pre-eminent position it should rightly have.

I should like to refer to the people who work for the railway, and I am not talking now about the minister or the president of the railway but of what we sometimes think of as the little people, the men up and down the line, track walkers, engineers, conductors, the people in the offices, all those who are going to be affected directly or indirectly by the legislation presented to the house. When we think of them and realize the life of service they have given to the organization and the tremendous job they have done in working for it, I think we should all feel a sense of gratitude and want to do anything we can to help them.

Actually it was not my intention to intervene in this debate at all until I heard the remarks of the hon. member for Prince Albert this afternoon. They struck a responsive chord in me, because I could not help thinking that if the hon. member for Prince Albert, in addition to all the experience he has had in the house, had had the experience of being present at the sessions of the railways and shipping committee a few weeks ago he would have been even more vehement in his protests and, if it is possible, even more definite in his views.

When I look at the resolution before us it brings to mind the complex problems of the Canadian National Railways, and one cannot help but have a great sense of sympathy for the president of the road in his job of trying to balance the financial dictates of his vast empire with the reasonable demands of the tens of thousands of people working with the railway for job security and a decent living. I imagine that is the sort of thing that must weigh heavily on him at all times, and it is in regard to that aspect of his work that I think those of us in the house must have very great sympathy for him.

But, Mr. Chairman, in considering this legislation, which is to be referred to the standing committee, may I say now that I have no sympathy whatsoever with the attitude of either the president of the company or the minister in their appearances before the committee on railways and shipping and the reactions they displayed there. I bring up this point now because I believe the attitudes they revealed there should not be repeated, particularly in the present instance, when we are going to engage in far-reaching studies of this vast enterprise and with all the resources available to us attempt to benefit it and move it even further ahead.

To point out the sort of thing which I think should not be repeated in the committee may I refer to three cases of arrant disregard, in my estimation, of the purposes of the house and its committees. The first one to which I turn my attention concerns the president of the road himself. Incidentally, all three instances had to do with the consideration of the C.N.R. hotels, although they occurred at widely scattered intervals during the work of the committee. On one occasion we were examining a situation in which, although the book value of certain hotels was some $3,300,000, they had been sold for $915,000. I make no comment at this point as to this particular transaction, except to say it seems to me that $3 million is a good deal of money, $915,000 is a good deal of money, and it is a fit subject for a committee such as this to look into with some care and investigate in some detail.

Mr. Gordon had complained somewhat about the line of questioning we were following, and at one point in our investigation he said:

> I am only talking about the questions by Mr. Hamilton and the type of inquisition that is going on in this committee, which is perfectly new to me. Mr. Hamilton, you seem to have started a new regime in respect of how to treat the president of the C.N.R. in this regard.

Mr. Marler: I should like to raise a point of order. It seems to me what took place during the questioning of Mr. Gordon in the sessional committee on railways and shipping owned by the government is scarcely pertinent to this legislation which, as I understand it, deals with the consolidation of the charter of the Canadian National Railways, plus four or five amendments. I think if the hon. member were speaking about the sale of one of these hotels it might be perfectly reasonable to elaborate on the powers of the company, but I do find it difficult to believe it is in conformity with the rules of the house to be discussing the procedure before a sessional committee which has made its report, in the debate on a resolution which was not before that committee and which is not to be referred to that committee.

Mr. Hamilton (Notre Dame de Grace): Answering the minister's point of order, Mr. Chairman, I can quite see that he might come forward with the alacrity he has against these remarks, particularly because of his subsequent responsibility—

Mr. Marler: The hon. member has no right to reflect on the minister or anybody else in the remarks he is making. I believe the point of order I raised was quite proper, and perhaps the hon. member would reply to that point.

Mr. Hamilton (Notre Dame de Grace): I am in the process of so doing, Mr. Chairman. The reason I think it is necessary to introduce the point at this time is that already this year we have had a committee which has dealt with the affairs of the Canadian National. Certain things of which I disapprove happened during the meetings of that committee. We are going to have another committee now to which this particular bill is to be referred. It has been indicated by the minister that witnesses will be called before that committee, and the committee will have an opportunity of discussing this legislation in its entirety.

I am attempting to place before the house at this point something I think is perhaps even more germane than some of the other points raised; that is, my views on the attitude which should be taken by the minister and those under his control toward this particular committee which is to deal with this legislation. We have a certain rule of relevancy in this house, which I think is what the minister may have had in mind. If I were attempting to go forward from here to discuss in detail or draw conclusions from the proceedings of this previous committee I think perhaps there would be much in what the minister had to say. But my point, Mr. Chairman, and I must stand on it subject to your ruling, is that it is reasonable to look ahead and also to learn something from that which has gone on in the past. As a matter of fact, if we do not learn from what has gone on in the past, if we do not use the past as a guide to the future, I do not know what sort of guide we are going to use.

Because of that, I submit, Mr. Chairman, that it is quite proper to place before the house the treatment accorded a committee in the past, and to say it is our hope that similar treatment will not be accorded in the future.

The Chairman: Perhaps I should deal with the point of order which has been raised by the minister and to which the hon. member who has the floor has replied. Hon. members will recall that when the committee was sitting this afternoon I expressed some doubt as to whether a resolution of this kind enabled hon. members to debate all phases of policy with regard to Canadian National Railways. I am confirmed in that doubt by the manner in which the debate has continued since. I really feel we are going entirely too far afield. At the same time I do not wish at this time to make a definite ruling that one member is out of order in discussing a certain phase of this matter when other hon. members who have spoken previously, as I said before, have in my interpretation of this particular resolution gone somewhat farther afield than I think might be proper.

Under these circumstances I am not going to say that the hon. member was out of order, except when he attempted to indicate in his reply the purpose of the minister in raising this point of order which, of course, he will realize he cannot do. He cannot attribute motives to another member. I am not going to say at this time that the hon. member is out of order, although I feel that this discussion in committee is very far afield. The hon. member commenced his remarks by suggesting that certain subjects which he might have for discussion on this resolution would be deferred and discussed on the estimates. What I am going to do now is to request the co-operation of the hon. member in deferring this type of discussion until the estimates of the minister are before the house, and that at this time he will relate his remarks more particularly to the resolution which is before us.

Mr. Hamilton (Notre Dame de Grace): Thank you, Mr. Chairman. Perhaps I should just re-emphasize that I have tried to set aside all my points which I think could be held until the transport estimates are considered. I am bringing up this matter now because this committee will begin to sit shortly and there probably will not be an opportunity before the transport estimates are considered to put this information on the record and to ask that some consideration be given to it when this committee meets. I continue this comparatively short quotation. Mr. Gordon said, in that particular outburst of his:

> I am in the hands of the committee, but I do ask some mercy in the amount of detail you are striving to get in connection with the affairs of this hotel operation. No other executive officer that I know of in the country would stand for it or put up with it for a moment.

That is my first quotation. I only remind the house and the minister, Mr. Chairman, at this point that here was a transaction affecting some hotels with a book value of over $3 million, which had been sold by this railroad for $915,000. It was necessary in this particular case to probe and probe, and eventually that probing got too embarrassing. In our attempt to do our work as committee members we got this type of response. Personally I do not feel it was quite appropriate.

Later on the same gentleman made another statement. I think it is even more revealing, because it indicates the attitude toward this past committee and the attitude which, unless it is checked, may well continue toward the

next committee. On that point Mr. Gordon said, at page 150 of the committee report:

I am willing to answer any questions that are—

The Chairman: Order. I previously requested the co-operation of the hon. member, and as I said I do not wish to deprive him of the privileges which were accorded to other members. However, I really feel that a reading of statements made before a previous committee in this connotation is certainly getting very far from the point. If the hon. member does not wish to confine himself to the resolution which I will indicate once more mentions a measure to consolidate various enactments relating to Canadian National Railways, and certain other particular matters, then I must call him to order. I feel that the terms of that resolution give the hon. member considerable scope for discussion, but I do not see how the terms of the resolution can give him scope to introduce these particular matters from the other committee.

Mr. Green: May I point out, Mr. Chairman, that the hon. member prefaced these particular remarks by pointing out that when this measure receives second reading it will be going to a committee of the house. Then he went on to indicate that he hoped there would be a difference in the attitude of Mr. Gordon before this second committee of the house.

I do suggest that in doing so he is much more in order than other hon. members who wander all over the field, talking about C.N.R. policy. The hon. member for Notre Dame de Grace is dealing specifically with what is to happen when this particular measure goes before the committee, and I do suggest he is quite in order in drawing attention to the attitude taken before the other committee by the president of the railway, and expressing the hope that there will be a different attitude taken before the committee which will consider this measure.

The Chairman: If the hon. member for Vancouver-Quadra wishes me to make a definite ruling I would be quite prepared to rule that I cannot accept that concept of this matter. I do not think we are in this committee to consider the attitude of any witnesses before any other committee. We are in this committee authorized or privileged to discuss only the matters embraced within the resolution before us, a resolution that has nothing to do with the attitudes of witnesses before committees. I am sure the hon. member for Vancouver-Quadra will agree with me in that respect.

Mr. Green: May I ask Your Honour if an hon. member discussing a resolution of this kind, and being told the bill is to go to a committee, is not in order in discussing what he thinks should be taken up in that committee?

The Chairman: The hon. member is in order when he discusses the resolution before the committee. Surely the hon. member for Vancouver-Quadra will agree that there is nothing in this resolution which would enable the hon. member for Notre Dame de Grace to discuss attitudes adopted before other committees. I would presume that each committee is its own master, and I really think we are treading on ground which has not been covered before when we allow this type of debate on a resolution of the kind before us.

As I have said, I have tried to extend every leniency, in view of the way this debate has proceeded and in view of the doubt I expressed this afternoon as to the matter of relevancy in respect of a consolidating statute. At the same time I do feel that the discussion taking place now is not relevant to this resolution.

Mr. Green: Would the hon. member be out of order in suggesting, in a debate of this kind, that for example Mr. A or Mr. B should be called before the committee to give evidence? I should think that would be quite in order. And if that can be done, then surely it is in order to object to the attitude taken by Mr. A before another committee of the house.

The Chairman: Of course the hon. member for Vancouver-Quadra will not expect me to answer hypothetical questions when we are dealing with one specific point of order. I have said that I do not wish to interfere with the hon. member who has the floor, and it would be my wish to extend to him as much courtesy as has been extended to other members who have taken part in the debate. But I do feel that we are now going entirely too far afield, and I think the hon. member for Vancouver-Quadra must agree with me when I say I am sure that a discussion concerning attitudes of witnesses before committees is not relevant to this discussion.

Mr. Trainor: In the matter of relevancy, would Your Honour extend the same latitude as was extended earlier to the hon. member for Temiscouata?

Mr. Hamilton (Notre Dame de Grace): The uncertainty in my mind about the situation in which I now find myself is caused by a statement made in debate last night by the minister, when he said the bill would be referred to the standing committee on railways, canals and telegraph lines. It is conceivable,

Mr. Chairman, that the minister's statement might be grounds for voting against this resolution. It was a point, along with others, entered by the minister in the debate; and it seems to me we should be given reasonable latitude so that we may debate the various points made by those who are not in agreement with us.

The arguments I have attempted to advance are, essentially, arguments dealing with this point raised by the minister, when he says that he plans to refer this bill to a committee. This might lead hon. members to the conclusion that if the bill is to be referred to the committee, and the committee receives the same cavalier treatment which has been shown by certain other people to other committees, there would be no use considering the bill at all.

To this might be added the observation that earlier this afternoon, and without interruption from anyone in the house by way of a point of order, the hon. member for Temiscouata quoted somewhat copiously—indeed, more extensively than I have—from the proceedings of this committee; and he proceeded to build on those quotations a very considerable argument in connection with this resolution.

It seems to me that the two cases are fundamentally similar. However, mine is further buttressed by the fact that I am replying to material entered in the debate yesterday by the minister, whereas today the hon. member for Temiscouata was commencing something entirely new, concerning which he went back over the proceedings of the previous committee, quoted from them and built a case on them, and did the whole thing without any points of order whatsoever being raised.

I know all of us—you, Mr. Chairman, more than any of us—are trying to achieve a reasonable solution; but it does put someone like myself in a most difficult position if, when a minister proposes to refer a bill to a committee, we cannot advance reasons why such reference should be examined with some care, and perhaps should be even reconsidered under certain circumstances. It puts us in the almost untenable position of having answers to certain points ruled out.

Having said that, I would turn for a moment to what from past experience I would judge the minister's attitude to be on legislation such as this. I have not detected any great sympathy on the part of the minister for any suggestion that a sincere attempt be made to examine into the Canadian National Railways, and to obtain from such examination facts upon which the consideration of particular instances might be based.

I think that has a very great bearing on this resolution. If time and again we are going to come up against this wall of secrecy, this unrelenting hot air curtain as I referred to it at one time, on the part of the government, beyond which is hidden information, it will make it extremely difficult for us to go ahead. For example, there was this statement in committee by the minister:

> I think we have come to the point where we are passing judgment on the board and I doubt whether that would be the wish of the committee.

The minister was referring to the board of directors of the Canadian National Railways. He seemed to think there was something wrong in a committee of this house passing judgment on the board of directors of the Canadian National Railways. I think at that point we diametrically part company. It would seem to me that in certain cases committees of this house are formed primarily for that very purpose, to examine the acts of government departments, to examine the acts of subsidiary government bodies, to examine groups to which legislative or executive power has been delegated, and then come to our own conclusions as to whether or not they have properly fulfilled that trust.

I cannot criticize too strongly the attitude of any minister of the crown who may come before a committee and indicate that that committee should not pass judgment or by inference examine actions within the field of study which has been delegated to it.

Were it not for the points of order I would have been through with all this in ten minutes, but there is one last point and I return again to Mr. Gordon who had the following to say in committee:

> Please do not press me to the point where, by adding one indiscretion to another, you get me into the position of having revealed all.

It is my hope that in dealing with this bill perhaps for the first time in the many years since this committee has been operating, witnesses will come before the committee and reveal all. It is my further hope that they will not consider it an indiscretion to reveal all. In the checkered history of this railways and shipping committee has there ever been a more startling statement, a statement which may well be repeated in the next committee unless it is checked right now, than that of the president of the Canadian National Railways indicating that he feels that when he has revealed all he has committed an indiscretion?

The committee is called to inquire into the accounts, into the revenues and into the operations of the railway. We can only again express the hope that when this legislation is passed to the committee which will study it on behalf of this house this authoritarian attitude on the part of the minister and the

president of the company will be substantially reversed and information will be forthcoming, that co-operation will be forthcoming without having to question and question in order to receive what we think is a reasonable explanation.

In Montreal on Saturday evening I attended a rather good performance of "The Mikado". As I sat there in the audience I listened particularly to the little girl Yum Yum in the second act. I thought of the minister, I thought of practically every minister and particularly the president of the C.N.R. The first four lines of her song were:

> I mean to rule the earth,
> As he the sky—
> We really know our worth,
> The sun and I!

It is about time some of those people over there came down to earth and were a little more reasonable. As my colleague says, some of the ministers' satellites should consider this. I would remind hon. members of the next four lines of this song, which I think apply to hon. members on this side:

> Ah, pray make no mistake,
> We are not shy;
> We're very wide awake,
> The moon and I.

Mr. Macdonnell: Mr. Chairman, I wish to make a few brief observations before the minister speaks. I had intended to refer to two or three matters which I hoped might be in the bill. The first was with regard to the directorate. As the hon. member for Temiscouata paid me the compliment this afternoon of quoting some things I had said and differing with them, perhaps I may be allowed just a moment to comment on what he said.

I do not know that the hon. member for Temiscouata and I are quite as far apart as he thinks. He took me to task for saying that I did not think the directors should interfere with the management. He seemed to take from that that I did not think the directors should exercise any control, but I did not mean that at all. What I meant was that as regards the ordinary routine management of the company I did not think the directors should be putting their noses into this or that matter. I think the duty of the directors is to meet at stated intervals in their board meetings and decide there upon questions of policy, which of course is their responsibility, and give what assistance they can to the management by way of advice or otherwise.

As I said a moment ago, I do not think they should check into all kinds of detail. The hon. member for Temiscouata referred jocularly to the possibility of directors in the time of Sir Henry Thornton checking into the curtains on Sir Henry Thornton's windows, which according to the hon. member for Temiscouata were changed after every important visitor. That seems to me to be the kind of thing that directors should not have to do.

Having said that, I come to the point which I wish to raise with the minister. By the way, I note that in the bill there is to be a provision whereby officials of the railway may act as directors, I think of associated or other companies. My question is one that I have raised before in the committee. The Canadian National has a small board of directors, most reputable men, and I have no question to raise about them. My only question is about the size of the board, and I raise that question for two reasons.

First, it is the habit of large corporations, certainly in the case of the Canadian Pacific, to appoint to their board of directors a considerable number, I should think a score or more, of leading businessmen in the community. I suggest for the minister's consideration that this ought to be the case with the Canadian National, and I make this suggestion for two reasons.

First, men with wide experience ought to be able to offer good judgment and good advice. Second, men with wide business backgrounds should be able to help the road get business. After all, the Canadian National Railways are in competition and they need business, and should use the same methods to get business as anybody else. I am not sure as to the present position of the legislation. It may be that the minister will answer that this can already be done, that no legislation will be needed. But in any event I raise that point.

The second point I wish to raise with the minister has reference to the Turgeon report of 1951, which contains a good many things that were recommended to be done. I read the chapter on the Canadian National-Canadian Pacific Act and there are some recommendations there. I read the chapter on accounting and statistics and there are some recommendations there, and so on through the report.

I am asking the minister this question. Has full cognizance been taken of those recommendations; and if any of them have not been put into effect, would it be proper and appropriate to consider whether, at the time this mopping-up act is being put through, any loose ends of that kind—if there are loose ends—might be taken care of? There are a considerable number of very important recommendations in that report, and I raise that question for consideration.

Canadian National Railways

Mr. McIvor: Mr. Chairman, I wish to say a brief word, because something has been said which I thought was not complimentary to President Donald Gordon. If I am in order I should like to give a concrete example of his fairness and good judgment. In Fort William an office hand was sent to some position in Winnipeg. It was found that it was a mistake, and he was sent back and his salary was reduced by $40 a month. He tried for over eight years to get that salary back. Then we brought the question to Donald Gordon. The reason he settled the matter, put the man back with his increased salary and give him $3,600 of back pay, was that he wanted to have contented men. I do not care in what capacity I find Donald Gordon, there will be a soft spot in my heart for him because of his consideration of the workers who are under him.

Mr. Lennard: The hon. member for Simcoe North in another debate last Friday made some complaint about a train that met the Cunard liner *Scythia* several months ago in Halifax. While he did not mention the railway line, it was a boat train that met the Cunard liner *Scythia* in Halifax, and his complaints were recorded. I might say they prompted me to rise this evening to make some reference to an experience of my own several years ago.

When Mrs. Lennard and I returned from the coronation in late June, 1953, we landed at Quebec from another Cunard liner, the *Samaria*. We had our reservations on a Canadian National boat train from Quebec to Toronto. There were two trains; one took passengers to Montreal and points north, I believe, and the train on which we were booked by-passed Montreal and proceeded to Toronto. That train was about the filthiest and most outmoded affair on which I had ever travelled. You can imagine my shame when all these people from other countries—England and Scotland in particular—had to travel under such conditions. It did not bother me too much personally because, being a Canadian, I had travelled under all sorts of conditions; but I did feel thoroughly ashamed on that occasion that these people from other countries should be welcomed on such an outfit.

On that train several of the sleepers had the old gas lamps. There was not a uniform diner; there was a club car where meals were served by a crew that was certainly far from perfection. Even after we had entered Ontario and were west of Cornwall, at the evening meal, that crew was still charging Quebec hospital tax, at which I protested, of course. That was after we had been in Ontario for over an hour. That is how little they knew of the proper methods in travelling across the country.

I had forgotten this incident and had passed it off as a mistake, as probably it was a time when they had not the proper cars or accommodation, and I thought it was something that could not be helped. But when the hon. member for Simcoe North brought up his experience of only two months ago on another boat train serving the Cunard line, I thought it was about time something was heard of my experience of several years ago. If that is the pattern the Canadian National railways have adopted in meeting our visitors from abroad and in serving the Cunard line, it is about time that pattern was changed.

Mr. Pouliot: Will you please tell us when it occurred?

Mr. Lennard: About June 29, 1953.

Mr. Pouliot: It was not under the present minister.

Mr. Lennard: I am not blaming the minister. I hold the minister in the highest regard.

Mr. Trainor: In view of the latitude that has been extended in this debate up to the present, I have no apology to offer on the score of relevancy for anything I may have to say. I wish to discuss several points under this resolution, and the one I wish to discuss particularly is the sale of the four C.N.R. hotels, the one in Port Arthur, the one in Brandon, the one in Minaki, and the one in Pictou.

After a great deal of delving and with extreme difficulty the information was pried —and I use the word advisedly—from the management of the C.N.R. that these hotels had been disposed of for the sum of $915,000. Let us examine for a moment the method of sale that was adopted. Do not forget that these hotels were the property of the Canadian people, and as such it was incumbent on those who are supposed to represent the best interests of the Canadian people to get the best possible price.

The method adopted in selling these hotels was to call for tenders. Has anybody ever heard of a commercial concern with a similar merchandising problem on its hands calling for tenders? As a matter of fact these properties, I submit, ought to have been placed in the hands of skilled real estate merchandisers, and they should have examined the market and decided on possible purchasers. In the case of one of these hotels, the one at Port Arthur, an attorney informs me that he had a client who approached him and suggested that he had heard that this hotel was for sale and he wondered how much they might

take for it. He intimated he had heard that it might be purchased for approximately $400,000. In regard to the second hotel, the one in Brandon, I have had representations made to me that a number of people would have been prepared to pay a quarter of a million dollars for this hotel.

That makes a total of $650,000. I do not know the appraised value or the price or the cost factor with regard to the hotel at Minaki, but I do know that the golf course alone cost the Canadian people a million dollars. There was information available some years ago that an American person wondered if he could have bought the hotel for $2 million, but he was advised that it was very unlikely that he could have done so. I know nothing about Pictou lodge.

In view of all this it seems only reasonable to think that if competent real estate salesmanship had been exercised a great deal more money could have been obtained for the Canadian people for this asset which was in their possession.

I leave that matter, Mr. Chairman, and proceed to deal with the question of C.N.R. pensions which my friend the hon. member for Winnipeg North Centre has already mentioned with regard to this question of pensions, many of which are on the basis of equal contributions by the employee and the railroad, it seems to me that the employee has paid into the fund in dollars that were worth 100 cents or in excess of 100 cents, and is now being paid off in dollars that are worth approximately 50 cents. This is definitely a responsibility of the government. For this reason I would suggest that the government has a moral responsibility to see to it that these people are paid their pensions in coin the same as that with which they paid for them.

The government may say that this is the fate of everybody who buys pensions. That is true. If one buys a pension from an insurance company one must take the same risk. But I would point out that the insurance company has nothing to do with the value of the Canadian dollar, whereas the government has a great deal to do with it. Consequently I would submit that there is a good case for the government to make adjustments in these pensions so as to compensate people for the depreciation of the dollar, which is a government responsibility.

That is my argument. I would say this is a fundamental question in the Canadian economy which, of course, goes far beyond the question of C.N.R. pensions. But at the same time the C.N.R., as an agency of government, has a definite responsibility to see that justice is done to all classes of the Canadian public; and the C.N.R. pensioners are certainly a part of that public.

Mr. Green: Before the minister closes the discussion on this resolution I should like to place before him three or four questions. The first one has to do with this sentence in the resolution, namely that the bill will "authorize the company to construct short lines without specific parliamentary authority". The minister gave some explanation this afternoon, but I could hear only parts of it and I am not just clear as to what he meant. In the Railway Act, under section 183, there is given to a railway company power to—

> . . . construct, maintain and operate branch lines, not exceeding in any one case six miles in length, from the main line of the railway or, except as hereinafter provided, from any branch thereof.

It is my understanding that this section applies to the Canadian National Railways.

Mr. Marler: No.

Mr. Green: Many provisions of the Railway Act do apply to the Canadian National Railways.

Mr. Marler: Yes, but I understand that provision does not apply to the C.N.R.

Mr. Green: If the minister will explain in what way the C.N.R. is exempted from the provisions of that section I shall be grateful. There are subsequent sections which deal with the manner in which authorization can be obtained for the construction of a branch line, and I think they quite adequately protect all the parties who might be interested. There is also provision under which an industry can force a railway to construct an industrial spur, which would be a branch line something of the type the minister has in mind. I should like to have an explanation as to why the C.N.R. needs some special provision having to do with branch lines, and whether that provision will put them in a different category from the C.P.R. in respect of branch lines.

The second question has to do with the sentence which says that the C.N.R. is to be given power to operate motor vehicles. I understood from the minister last night that the company is already operating motor vehicles through a subsidiary company, but will he give a further explanation as to whether there is to be any change in the C.N.R. policy of operating motor vehicles?

At the same time perhaps he could also indicate whether the government intends at this session to bring in any legislation having to do with agreed charges. As the minister knows, a report by Mr. Turgeon was tabled just a few weeks ago. Both the railways and

the motor carriers are vitally interested in what is to be done as a result of that report. Perhaps the minister could tell us this evening whether there is to be any legislation at this session. It would seem to me that matter would be extremely material so far as the railways operating motor vehicles is concerned.

Then the third point has to do with the abandonment of lines. Apparently there have been quite a few instances in which the railways have abandoned lines in recent months, and there is a good deal of uneasiness over this policy. Will the changes that are contemplated in this legislation make it easier for the C.N.R. to abandon lines? At the present time they can do so only with the approval of the board of transport commissioners. That means there is an opportunity for the people affected to protest.

In his explanation the other night the minister pointed out that power was being taken to extinguish the charters of subsidiary companies of the Canadian National Railways. That raises the possibility that in this way the abandoning of lines will be facilitated. I would ask the minister to give us an explanation on that point.

Then finally there is this point. Last night the minister said the new legislation would consolidate, among other things, certain provisions which were found in the Canadian National-Canadian Pacific Act. That act, of course, has to do with the two railways. I do not quite understand how part of that act can be taken out and put into a Canadian National act without affecting the Canadian Pacific Railway. This act to which I am referring was designed to bring about co-operation between our two great railways. It seems odd that some portion can now be taken from that act and be put in a Canadian National statute without the Canadian Pacific Railway being brought into the Canadian National statute as well. I may be quite wrong in thinking that such could be the case, but I would ask the minister to explain to the committee what the result of the proposed legislation will be in respect of this particular act.

Mr. Johnston (Bow River): Before this resolution is carried there are one or two comments I should like to make pertaining to it. I notice that provision is made in the resolution "to authorize the company to construct short lines without specific parliamentary authority and to operate motor vehicles, and further to make provision for extinguishing charters of constituent corporations".

I wish to draw the minister's attention to the portion pertaining to the operation of motor vehicles. The minister will recall that when we were discussing Canadian National Railways in the special committee some time ago the president, Mr. Donald Gordon, made extensive reference to the operation of motor vehicles by the C.N.R. That is particularly important to me, because I wonder what significance this provision has with regard to the expansion of the services already in operation by the C.N.R. and the C.P.R.

The C.N.R. and the C.P.R. operate motor vehicles now, and I am wondering whether, if the C.N.R. gets permission through parliament to operate motor vehicles, the railway may be in the position of being able to override the provisions of any province regarding the issuance of licences for motor vehicles. I should like the minister to clear up this matter for me when he replies. As the situation stands today, if the railways want to operate motor vehicles in the city of Calgary, for example, they have to get a licence from the provincial government, and they must show need before any more licences are issued so the industry will not be overcrowded, and in order to satisfy other precautions laid down by the province.

It was pointed out to us by Mr. Gordon, president of the C.N.R., that the railways were now using the operation of motor vehicles to extend, as he put it, competition with the trucking industry of Canada. The railways are operating specially equipped flat cars by which they can carry their trailer trucks by rail for long distances. As a result they are hoping to provide keener opposition to the trucking business of the Dominion of Canada. That is a point about which I think we as members of parliament should be very cautious. The railways are now hauling goods in their trailer trucks on these specially equipped flat cars at ridiculously low rates. In fact it has been suggested to me by some of the large trucking companies that the railways are carrying these goods on these piggy-back cars, as they are called, at less than cost.

I believe the Railway Act specifically states that no railway shall haul goods at less than cost. When I asked the president of Canadian National Railways about that point he said—I forget the exact words he used—that they were making some profit but he was unprepared to say how much it was. There is a great deal of conjecture about whether or not the railways are actually hauling this traffic at less than cost, and there is very great national danger in that operation. We know that the railways are entering into agreed charge arrangements. The hon. member for Vancouver-Quadra mentioned

that a few moments ago and expressed the hope the minister would elaborate on it. I also would like the minister to deal with it.

The railways are now entering into agreed charge contracts. They enter into an agreement with a large manufacturing concern or a large retail store such as Eaton's, Simpson's or Simpsons-Sears, under which they haul large quantities of goods for these large companies either at cost or very close to it. This puts these large retail concerns in the position of more than competing with our small merchants. It should be understood that the small merchants provide far more of the services required by the country than do the large manufacturers or retail merchants such as Eaton's, Simpson's or Simpsons-Sears.

By entering into agreed charge contracts the railways are assisting the large chain stores not only to meet the competition of the small merchants throughout the country but to eliminate them. It is dangerous to allow the railways to operate motor vehicles and enter into these outrageous agreed charge contracts. We might as well face the fact it is not the intention of the railways to meet the competition of trucks but to eliminate the truck as a competitor. We might as well recognize that now. Those of us in western Canada and the maritime provinces are more concerned over this type of so-called competition than those who live in central Canada, where other forms of competition bring about a lowering of railway charges.

I am very much concerned about this matter, and I ask the minister to comment at some length on the statements I have made, particularly pertaining to the operation of motor vehicles by railway companies and the use of agreed charges.

Mr. Marler: Mr. Chairman, I have noted some 21 points that were made during the course of the discussion last night and today, and I think hon. members would not really expect me to reply to each of them. Many of them were raised during the discussion in the special committee on railways and shipping owned by the government.

In order to illustrate the immensity of the task of replying to some of these questions, may I refer to a few examples. One of the subjects of discussion today has been the arrangement made between the C.N.R. and the Hilton Hotels Corporation. I find that subject took up from page 134 to page 158 of the proceedings of the special committee.

Mr. Fulton: We still did not get the answer.

Mr. Marler: The hon. member for Mackenzie referred to the speed of the two transcontinental trains. I see that took up from page 66 to page 69. I am quite sure members of the committee will realize that if I were to do justice to the management of Canadian National Railways I should read from the evidence extracts to show what the president of the railway said in reply to questions on various subjects.

I think that these few examples are sufficient to show how unwise it would be for me to attempt to deal with each of these various questions which I think, strictly speaking, refer to the operation of the railway and the policies of the management but not to the statutes governing the railway itself.

There have been, however, a number of points raised in connection with the legislation itself, and I should like to try to deal with these as summarily and as simply as possible. The first of the important questions raised was that concerning the short branch lines. As I understand the law at present, Canadian National Railways requires parliamentary approval for two aspects of branch line construction. First of all it must have an appropriation or an amount included in its capital budget with the approval of parliament; and secondly, it must have specific legislative approval of the branch line which it proposes to construct. Other railways in Canada which are governed in this respect by the Railway Act are subject only to this disability, that provided the branch line does not exceed six miles in length all they require is the approval of the board of transport commissioners.

In the case of the Canadian Pacific Railway, to which the hon. member for Vancouver-Quadra referred a moment ago, the Canadian Pacific enjoys a rather peculiar situation. Under the agreement which I believe was ratified by parliament in 1885 the Canadian Pacific has the power, without either parliamentary approval or the approval of the board of transport commissioners, to construct branch lines from its main line—I understand that refers to the portion of its main line lying to the west of Callander, Ontario. The position of the Canadian National is that it does not enjoy the powers with regard to the construction of short lines that are enjoyed by all the other railways in Canada governed by the Railway Act.

As I said last night and again this afternoon, the proposed legislation is to limit the short line provision to those lines not exceeding six miles in length. The purpose which the management of Canadian National Railways has in mind is the necessity of meeting the demands of industry for lines that do not rate as short spurs but which have a length of up to six miles. The management hope that if this power were given they would be able

promptly to build these short lines when required. At the moment the situation is that although there may be funds in the railway's capital budget available for the construction of such a short line, let us say five miles in length intended to serve some industry, if the application to the railway for the construction of the line is made after parliament has adjourned then the railway is in the position of being unable to respond to the demand until it has parliamentary authority to construct the line.

It seems to me, Mr. Chairman, that it would be desirable that Canadian National Railways should be freed from this disability, and that it is not unreasonable to give it the power to build these short lines. This is particularly true if members of the committee will bear in mind that the necessary funds must be appropriated by parliament and included in the capital budget, so the freedom of action which Canadian National will obtain under the proposed legislation is less than that enjoyed by other railway companies, and much less than that enjoyed by the Canadian Pacific.

I should like to be fair in my explanations to the committee, Mr. Chairman, on that one point. This afternoon the hon. member for Macleod spoke of the facility with which the Canadian National could expropriate land required for its right of way. I believe I should be fair to the committee by saying that the Canadian National has what I think ought to be regarded as much more effective powers of expropriation than the other railways have. In other words, as I understand it, under the statute the Canadian National can deposit a plan and thereby become immediately the owner of the land affected, whereas as I understand it under the Railway Act there is no provision for obtaining immediate possession. I believe the other railways, in the matter of expropriation, are under some slight disability in comparison with Canadian National Railways.

I do feel that the request of the management to be empowered to construct a line up to six miles in length for industrial purposes is reasonable and removes a disability which ought now to be removed in the interests of the operation of the railway.

The next question which was raised concerning the provisions of the bill was that respecting motor vehicles. As I endeavoured to explain last night the railway now has powers through subsidiary companies to operate motor vehicles. They have been under this disability in the past, that at times when consideration has been given to the abandonment of a short line the railway has been in the rather peculiar position before the board of transport commissioners of being unable to offer, on behalf of the railway company itself, to undertake to provide motor service in lieu of a passenger train. They have had to produce the undertaking of some subsidiary to provide that service. They have no power to operate motor vehicles, so they are unable to give a formal undertaking that they will establish a motor service as an alternative to the train service they propose to abandon.

At all events I should like to assure the members of the committee, and particularly the hon. member for Bow River, that there is no intention on the part of the government, in adding to the powers of the railway that of owning and operating motor vehicles, to make any sinister change of policy. We merely intend to make a change which will enable the railways, in effect, to do through the parent company what they have been doing already through subsidiary companies.

There is no suggestion either that in granting this power the railway shall be free from the necessity of complying with the requirements of provincial governments so far as provincial laws apply to the operation of motor vehicles owned by the company.

Mr. Johnston (Bow River): May I ask the minister this question? Would that not be infringing on provincial rights? Could we legally put something like that in federal legislation, which would be a violation of provincial rights?

Mr. Marler: I do not think it would be an infringement, Mr. Chairman. I believe it is competent for parliament to empower a federal corporation to operate motor vehicles. I do not believe, for instance, that merely because the power is derived from parliament the operator of the motor vehicles could claim he would not be subject to the laws of the province in the operation of those vehicles. I think my hon. friend could find many examples of dominion corporations operating motor vehicles strictly in conformity with provincial requirements.

Mr. Johnston (Bow River): May I ask the minister this. Suppose the province decided that it was not necessary to have another trucking concern within the province or within the city where the company was making its application. Suppose the province said they would refuse to grant a licence on the ground that the operation was not necessary. Would they be able to do that if we granted the company parliamentary authority to carry on this type of operation?

Mr. Marler: There are some constitutional aspects of that question which I would hesitate to try to dispose of summarily. I suppose the question would come up as to

whether it was an integral part of the railway operation. All I can say to my hon. friend, and I hope he will be satisfied with it, is that there is no intention in the legislation to relieve the railways of the necessity of complying with the requirements of the province in the operation of these motor vehicles.

Then, Mr. Chairman, the hon. member for Vancouver-Quadra and also the hon. member for Bow River referred to the question of agreed charges as having some connection with the power to operate motor vehicles to be provided for in the bill. I would like to assure both hon. members that there is certainly not in my mind any connection between these two subjects. In relation to legislation concerning agreed charges, and the possibility of its being brought before parliament at this session, at the present time I can merely say the matter is under active consideration, and that as soon as a decision has been reached by the government it will be announced. If it is intended to introduce legislation at this session I take it that due notice will be given of that fact.

I do not think, however, that the question of agreed charges of itself really relates to the management of the railroad, in the sense in which I am using the term at the moment. We are concerned with the legislative provisions which govern the railways, and I think I can assure my hon. friend from Vancouver-Quadra that nothing in the bill which it is proposed to introduce will refer specifically to agreed charges, or deprive the railways of the right to take advantage of the statute as it exists at the present time or as it may exist after amendment, if amendments are thought necessary.

Then the question was also raised as to whether the provisions of the bill would make it easier to effect the abandonment of lines. I think I should answer that by saying that inasmuch as none of the amendments to the various enactments which it is proposed to make deal with the subject of the abandonment of lines, I do not think I should say that the bill would make it either easier or more difficult. I think possibly if it were easier it would merely be in the context upon which I touched briefly a moment ago, in that it might conceivably facilitate abandonment if the railway were itself able to undertake to supply motor vehicle service in lieu of train service, and to do so formally in its own name rather than in the name of a subsidiary. But with that exception I can see nothing in the proposed legislation which makes the abandonment of lines either easier or more difficult.

With regard to the provisions concerning the abandonment or surrender of charters of constituent corporations, I am sure the hon. member will find, when the bill is brought down, that the dispositions are procedural in character, and not intended to affect the rights of any person or community which might be served by the constituent company. I take it that it is the intention, where a company or charter has served its full purpose and has run out its time, so to speak, that there should be a simple method of putting an end to the legal existence of the company concerned. I think the hon. member will find that the provisions of the bill deal merely with the question of procedure rather than with the questions of substance that I think he has in mind.

Another point raised was in connection with the Canadian National-Canadian Pacific Act. The hon. member for Vancouver-Quadra raised the point as to whether there could be partial repeal of a statute which appeared to concern both of the great railways. I may assure him that it is not intended that the whole act should be repealed, but there are parts or sections of some of these joint statutes which apply to the Canadian National Railways and which can be repealed without in any way affecting the fabric of the remainder of the statutes. In fact I think if my hon. friend from Vancouver-Quadra will examine what I said last night he will see that I merely mentioned that act as being one of those which have to be consulted when someone wishes to have the complete total of all the enactments which apply to the Canadian National Railways, and there are parts which properly may be consolidated into a bill affecting the powers and rights of the Canadian National Railways.

One other point was raised by the hon. member for Bow River. He spoke of the question of the transporting of goods by the railways at rates which were less than cost. I take it his comment applies to the tariffs which have been set up between Montreal and Toronto particularly, and which are competitive. I am told that these rates do provide a small margin of profit to the railways, and that they are not operating this service at a loss. In any event, that is really outside the scope of this legislation.

Mr. Johnston (Bow River): Would those rates which, as the minister has indicated, provide a small margin of profit be made available to the different trucking concerns?

Mr. Marler: I think if we embark upon the subject of competition between rail and trucking organizations or companies we will

certainly be going far afield from this bill. My understanding is that this applies to the transportation of goods, but not to the transportation of trucks. I know the hon. member raised the question during the discussions before the special committee, but that is not the subject of these low rates.

Then I find two other points were raised by the hon. member for Greenwood. The first of these was with regard to the composition of the board of directors of the railway company. I listened to his observations with a good deal of interest. May I point out to him, however, that the resolution contemplates the consolidation of the existing enactments relating to the railway company and that, in consequence, it is the intention in presenting the bill to reproduce the existing provisions of the law with regard to the composition of the directorate. I should like to say to him that I shall be perfectly ready to give consideration to his observations concerning the composition of the board, without giving him any positive assurance that I shall come around to accepting the views he expressed this evening.

Finally, the hon. member for Greenwood raised the question as to whether all the recommendations of the so-called Turgeon report of 1951 had been implemented. My understanding of the matter is that all the recommendations have been implemented, but that is an understanding that I have merely acquired second hand. I have not had the time or opportunity to take the report and see exactly what legislative provisions have since been enacted to fulfil the recommendations which Judge Turgeon made at that time. But I understand, and I have been told on a number of occasions, that all the recommendations Judge Turgeon made in his 1951 report have been implemented.

The hon. member spoke with me yesterday on the subject of the uniformity of accounts, which was one of the recommendations of the Turgeon report. I understand the board of transport commissioners has made a recommendation to the railways on the subject, and it is hoped that a system of uniform accounting will become effective on January 1, 1956. I think perhaps that may be the last of the recommendations. Implementation has taken time, but I am sure the hon. member for Greenwood will understand the complexity of the task and the great difficulties that arise out of the necessity of formulating a plan which will suit both railroads and which at the same time will be workable.

I am sorry I have taken up so much time in dealing with the various matters covered by the resolution, but I do hope I have covered everything. It does seem to me that when the bill is before the standing committee on railways, canals and telegraph lines there will be opportunity for hon. members to deal with each of the dispositions of the bill and make such criticism as they may think proper.

Mr. Hahn: Last evening in speaking to the resolution the minister said, as reported on page 3160 of *Hansard:*

> I should perhaps add that the decision to effect this consolidation does not result from any change in government policy concerning the Canadian National Railways. As I said at the beginning of my remarks the primary purpose of this legislation is to consolidate the various legal provisions relating to the Canadian National Railways.

I read the address of the minister quite thoroughly, and I am wondering whether or not the primary purpose behind the legislation should not have been that of efficient operation in as economical a fashion as possible. Would the minister agree that that is one of the purposes of the consolidation, from the viewpoint of economy? If so, I shall have other remarks to make.

Mr. Marler: I did not follow the hon. member.

Mr. Hahn: Is not the legislation being consolidated with the purpose of trying to run the railroad as economically as possible?

Mr. Marler: I think my answer would be that legislation is not needed for that purpose. If the hon. member will consider the matter I think he will realize that the mere consolidation of the various enactments to be found throughout a whole score of statutes will facilitate, first of all, the task of those who have to work with the charter or the legislation concerning the Canadian National Railways, that is the officers of the railway itself, and also the public who have to deal with the railroad and who want to know what are the legal dispositions that apply to it.

There is no other purpose in mind so far as the consolidation is concerned than to bring these scattered enactments together and consolidate them into one statute. There are five other changes which the resolution indicates and which have been proposed to be incorporated in the bill, but with those exceptions there are no changes that I can think of.

Resolution reported, read the second time and concurred in.

Mr. Marler thereupon moved for leave to introduce Bill No. 351, respecting Canadian National Railways.

Motion agreed to and bill read the first time.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS TO INCREASE BENEFIT RATES, ADJUST CONTRIBUTIONS, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved the second reading of Bill No. 328, respecting unemployment insurance.

He said: Mr. Speaker, in view of the fact that I made quite a long statement at the time the resolution was before us I do not propose at this juncture to say very much more.

At that time I outlined the various changes we had in mind. I think it is fair to say that a reading of the debate which followed will indicate that there was only one point which came under very serious discussion or which received what might be called criticism. This had to do with the proposal, the double-jointed proposal really, that there be an increase in the length of the minimum period during which unemployment insurance benefits might be paid.

There was no criticism on that side of the house; but associated with that was a proposal that there should be a decrease in the maximum period of benefits from 51 to 30 weeks with, of course, as I outlined quite fully, an interim arrangement under which the equity of any presently insured worker need not be affected by that change.

I am going to repeat that we believe most firmly that the new proposals will give better protection to the average unemployed worker by increasing the minimum duration of benefit from the present 6 weeks to 15 weeks. I should like that to be carefully borne in mind, because that is going to affect a great many workers. This can be done without increasing the contributions by transferring some of the unused benefits to the place where they can be taken advantage of. In addition, the proposed changes will make it easier in some respects for claimants to re-qualify for further benefits after being back at work for a short time.

To illustrate my statement that much of the benefit set up is not used, may I give some figures showing the experience over a five-year period which I think will be of interest. The average duration authorized for all claimants during that period has been 26 weeks. The average benefit taken by all claimants has been for 9 weeks. The percentage who drew from 1 to 19 weeks was 90·1 per cent; from 20 to 29 weeks 6·4 per cent; for 30 or more weeks, 3·5 per cent.

We feel it is important that benefit should be made available to those who are genuinely in the labour market, and that there should be a substantial minimum benefit available for young persons and those who have difficulty in obtaining steady employment, both of whom are apt to have no more than the minimum qualifying contributions.

When I made a statement something like that on April 4 I ended up by saying that for these 3·5 per cent who now exceed the 30 weeks of benefits thereafter an alternative social security program would seem to be appropriate. At that time, some hon. members asked me what I meant by "more appropriate". I can say now that one more appropriate way in which those persons might then be taken care of was incorporated in the statement made this morning by the Prime Minister (Mr. St. Laurent) in the railway committee room.

Even after all that is said, the equity of the worker at the present time under the act is not affected in any way at all during the three years given by the interim plan. I again assure the house that during those three years the working of this benefit period will be very carefully watched to see even how it affects this 3·5 per cent.

Mr. Speaker, at the conclusion of this debate it is my intention to refer this bill to the standing committee on industrial relations, which is being organized this week.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, in the few minutes which remain of this sitting it would not be possible, of course, to deal with the bill which has now been in our hands for some three weeks. The best I can hope to do this evening, I think, is to make a few remarks, and I can continue those remarks when this house sits again.

I might make a few comments on the statement just made by the minister, and I might say in that regard that I had thought the minister would pick up tonight some of the remarks which he rather cut short at the conclusion of the resolution stage. At that time he implied that he would use the next opportunity to answer more fully some of the comments which had been made at the resolution stage. Many of us were glad to welcome that arrangement because we thought that in the meantime we would have the bill in our hands and be prepared to go ahead with discussion.

However, tonight the minister has made one remark with which I feel I must deal immediately, although I make no promise that this is going to be the last the house will hear of it. The minister referred a few moments ago to an interim arrangement which would take care of those persons who have had their benefits drastically curtailed by the reduction which is contemplated, from

51 weeks to 30 weeks. He used a few words in describing these people which brought home to me, even more forcibly than an examination of the bill had done, just how far the thinking of the government and the commission has gone along the lines of a bureaucratic approach to the administration of this act.

The minister said that after all he had to deal with the average. It is not a case any more of those people having a claim on the fund by reason of contributions they have made; no longer a matter of whether or not a worker had built up over the years an investment, let us say, in this fund; no longer a matter of whether his claim was that of a person who can be deemed to be now permanently unemployed by reason of chronological age or whether he is temporarily unemployed because of a shutdown in the plant in which he is generally employed. No; the minister's remark was that the average was 29 weeks, or some such period. Then he went on to quote percentages, and said that those who claim from 1 to 19 weeks were 90·1 per cent of claimants. Since I took these figures down hurriedly perhaps the minister would correct me if I have made an error. Those claiming from 20 to 29 weeks were 6·4 per cent, and those over 30 weeks 3·5 per cent.

He implied that a great many of these people were not what he termed genuinely in the labour market. I am at a loss to know just what the commission might mean by "genuinely in the labour market". If by "genuinely" they mean that a man is physically able to work, anxious to work, and mentally capable, but happens to be over 60 years of age and therefore is not available to the labour market in their interpretation, then I must object most strenuously to that. In my estimation, if a man who has worked to 60 or 65 years of age and who is still strong physically, capable mentally and willing to work, is told by the employer for whom he has worked for many years in steady employment that his services are no longer required by reason of the fact that the laws of the plant in which he is employed state that on a certain date he must retire from this employment—if this man who is able and willing to work makes application at the district office for employment, the employment officer has just as great an obligation to place him in employment as he has to place a 20-year-old man who applies for employment. The need of that man may be just as great, for all that employment officer knows.

There has been some talk about pension plans. I am not a lawyer, but it seems to me that I recall reading of certain cases where counsel were prohibited by the presiding officer of the court from referring to the fact that people who were engaged in litigation were covered by insurance. In my estimation the same thing applies here. I do not think it is any business of the officer in charge of any divisional employment service whether or not that man who has been laid off from his work by reason of age is covered by a pension. If we are going to admit that kind of thinking, then we are going to place this unemployment insurance on a means test basis. It was not set up in such a way. These people have paid their premiums, many of them for years and years. Many of them have never had occasion to ask for benefits from the fund.

In the same way many of us have paid premiums for years and years for fire insurance on our homes and business premises. We hope we will never have to call on it, but I am sure no one would shout louder than the persons who have drawn up this act if, when the day finally came that they had a fire in their premises, the insurance company were to say to them, "No, you do not really need those premises anyway; therefore we cannot pay your claim despite the fact that you have paid your insurance premiums for many years. You are no longer eligible for benefits from our company; and after all, if our company paid all these claims we would go bankrupt." That is the type of thinking we find in the case of the officers of the commission who drafted this bill and the minister who made this unfortunate remark this evening.

Even more unfortunate than that remark was his follow up, when he referred to his earlier statement on alternative welfare which he had said would be more appropriate. Apparently, Mr. Speaker, it has been a well kept secret in the cabinet that the Prime Minister (Mr. St. Laurent) intended, at an appropriate time—and no doubt in response to a provocative question—to make the statement which he made yesterday in this house.

Mr. Weir: Hear, hear.

Mrs. Fairclough: I am glad to have corroboration from the government benches.

Mr. Hees: That was the only reason he spoke.

Mrs. Fairclough: We were glad to hear that the government had finally decided to take some action.

Mr. Weir: Hear, hear.

Mr. Rowe: You should have said "hear, hear" three months ago.

Mrs. Fairclough: However, this evening the Minister of Labour has referred to the remarks of the Prime Minister yesterday which were, I understand, elaborated upon today in the meetings which are taking place.

Mr. Macdonnell: And in the press.

Mrs. Fairclough: Apparently the alternative welfare which the minister wishes these persons to accept is nothing more nor less than unemployment relief administered by the welfare department of whatever municipality the worker happens to reside in. I draw to the attention of the minister the fact that such relief is also administered on a means test basis. It always has been so administered, and it always will be. It is available only to those persons who are destitute. For that reason it is useless to the man who has been deprived of employment by reason of the fact that he has reached a certain stage in life, namely the stage where his only sin, let us say, Mr. Speaker, is that of having grown older than his employers wish him to be.

An hon. Member: The colour of his hair has something to do with it.

Mrs. Fairclough: You mean if he has any hair left. This man has a right to a proper benefit from a fund which he himself has helped to build up. He has a right to insurance. For this government, through these commission offices, to tell that man that the only relief available to him is the relief afforded through the welfare department of his municipality is, in my estimation, an insult to that man.

I might say, Mr. Speaker, that there is no one in this house who is not aware of the stigma which is attached to the application for relief afforded only to the destitute. For a man who has been self-sustaining all his life, who has never been laid off from work, who has maintained his family, who now owns his home, who has at length reached retirement age and who is still capable of work, to be told by the commission that there is available to him some assistance in his old age but that he must get it through the local welfare fund is, in my estimation, an insult to that man.

Mr. Hees: That is right.

Mrs. Fairclough: I say to the minister that we are going to fight this clause right straight through until the last vote is called. We have no alternative. I think it is a disgrace and a shame. Because of the lateness of the hour and the fact that I have many more things I should like to say on this bill without interruption, Mr. Speaker, would you please call it ten o'clock?

Mr. Gregg: Mr. Speaker, I did not want to interrupt my hon. friend while she was speaking, but in her remarks she referred to workers who were in receipt of pensions and who, she alleged, had been refused unemployment insurance benefits only on account of that fact.

Mrs. Fairclough: No, no, Mr. Speaker; the minister has misunderstood me. I referred to remarks which were made at the resolution stage of this bill in reference to the fact that, after all, a great many of these people who had retired because of age were in receipt of pensions and accordingly, supposedly, would not require unemployment insurance benefits. I did not say the minister said that.

Mr. Gregg: I understood that the hon. member said it was within her knowledge that officials of the unemployment insurance commission had refused benefits because of that fact. I am glad to have her denial.

Mrs. Fairclough: No, I did not imply anything of the sort, and I am glad to have the opportunity of setting the matter right.

On motion of Mrs. Fairclough the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Lapointe: Tomorrow we shall continue with the debate on the budget.

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

HOUSE OF COMMONS

Wednesday, April 27, 1955

The house met at 2.30 p.m.

PRIVILEGE

MR. JOHNSTON (BOW RIVER)—REFERENCE TO STATEMENT IN OTTAWA "JOURNAL"

Mr. C. E. Johnston (Bow River): On a question of personal privilege, in the issue of the Ottawa *Journal* of Tuesday, April 26, the Canadian Press reported me as having said, and I quote from the newspaper:

Mr. Johnston raised his protests in opposing a bill to extend provisions of Alberta's health plan to residents of national parks in the province.

Of course that is quite contrary to the facts. I shall refer to one part of my speech which is indicative of what I said on many occasions during that speech. I am quoting from page 3131 of *Hansard*:

As I said when I started my remarks, we are all grateful to the minister for bringing in this legislation—although it is only his job—and making it possible for the people of Banff to have hospital service.

That makes quite clear the stand on which I took on the matter. There are many other references which give the same impression, but I shall not bother to read them.

MISCELLANEOUS PRIVATE BILLS

Fourth and fifth reports of standing committee on miscellaneous private bills.—Mr. Hunter.

QUESTIONS

CARIBOU-WOOD ISLAND FERRY

Mr. McCulloch (Pictou):

When is work expected to start on the ferry to be built in Pictou, Nova Scotia, for operation between Caribou and Wood Island?

Mr. Langlois (Gaspe): It is expected that work in the shipyard will commence in July, 1955.

CITIZENSHIP AND IMMIGRATION—TRIP BY MINISTER

Mr. Fulton:

1. Did the Minister of Citizenship and Immigration make a trip to the Pacific coast during the Easter recess of parliament?
2. Was this trip for the purpose of official business? If so, what were the details of the business, and when and where was it transacted?
3. Was the government railway car used by the minister on this trip? If so, who were the occupants of the car?
4. Between what points and by what route was the car moved on this trip, and what was the duration of the trip?

Mr. Pickersgill:

1. Yes.

2. Partially. The minister inspected offices of the immigration branch in Victoria, Vancouver and Calgary; the Indian affairs branch in Vancouver and Calgary; the citizenship branch in Vancouver; and the national film board offices in Vancouver and Calgary. He received a delegation on Indian affairs at Calgary; inspected a new citizenship reception centre at Calgary and addressed the Women's Canadian Club of Calgary on citizenship. These duties occupied every working day not spent in travel.

3. Yes. The car was occupied by the Minister of Fisheries and two of his children and by the Minister of Citizenship and Immigration, his wife and four children.

4. From Ottawa to Vancouver by C.N.R. and from Vancouver to Ottawa by C.P.R. From April 6 to April 18, 1955.

CURRIE REPORT—ACCOUNTING IRREGULARITIES

Mr. Fulton:

With respect to the 18 types of accounting irregularities in No. 11 works company R.C.E. found by the chief auditor of the Department of National Defence, as summarized in the Currie report:

1. When was each of these irregularities found and reported on by the auditor?
2. What action, in detail, was taken as a result of his findings in each case, and when?
3. What action, in each case, was taken following the submission of the Currie report, and when?
4. Were any changes in personnel made as a result of these findings and actions, and if so, what changes?
5. After the actions and changes referred to in parts 2, 3 and 4 were taken or made, if any, what further or continuing investigations were made with respect to the administration of this company, and when?
6. What were the results or findings in each case?

Mr. Blanchette:

1. Type of irregularity	Date of chief auditor's report
2, 4, 9	28 August 1950
6, 9, 14	13 September 1950
4, 6, 12, 15	26 January 1951
1, 14, 15, 17, 19	5 November 1951
1, 2, 4, 6, 7, 11, 12, 13, 15, 20	12 February 1952
3, 8. 11, 12, 13, 18, 20 ..	20 February 1952

2.

The chronology in connection with the action taken as a result of the chief auditor's reports was as follows:

Unit	Location	Audit report	Sent to AHQ	Sent to command	Reply from command	Sent to DM's Office	Further enquiry to command	Reply from command	Sent to DM's Office
11 Wks Coy	Victoria	28 Aug 50	2 Sep 50	8 Sep 50	1 Dec 50	22 Dec 50	—	—	—
11 Wks Coy	Victoria	5 Nov 51	12 Nov 51	20 Nov 51	31 Dec 51	—	—	—	—
	—	—	—	—	23 Feb 52	14 Mar 52	—	—	—
11 Wks Coy	Chilliwack	13 Sep 50	18 Sep 50	28 Sep 50	8 Nov 50	18 Dec 50	—	—	—
		20 Feb 52	25 Feb 52	10 Mar 52	8 Apr 52	22 Apr 52	—	—	—
11 Wks Coy	Vancouver	26 Jan 51	30 Jan 51	8 Feb 51	20 Apr 51	—	—	—	—
					8 Jun 51	3 Jul 51	—	—	—
11 Wks Coy	Vancouver	12 Feb 52	20 Feb 52	12 Mar 52	19 Apr 52	26 Jun 52	26 Jun 52	10 Jul 52	16 Oct 52

The chief auditor's observations on each instance of irregularity and the explanations provided by command or army headquarters were as follows:

Works company concerned	Auditor's observations	Report by command or A.H.Q.
Type 1:		
No. 11 Victoria 1951	Several authorizations for project, each under $5,000 were approved by the area commander and then a total authorization of $38,837.28 was raised, and submitted for approval of the deputy minister, which was received after commencement of work.	After signing of the series of authorizations within local authority, the works officer realized that this amounted to "splitting", so the local authorizations were cancelled, and a new authorization was raised and submitted for AHQ approval. Meanwhile work was commenced within limits of local authority. The deputy minister's approval of the over-all project was received within three weeks.
No. 11 Vancouver 1952	Three authorizations for project, each of $5,000 were approved by area commander. AHQ approval of a $44,500 authorization was subsequently received, but work commenced in anticipation against the local authorizations.	Local authorization was raised for maintenance, but authority was received to convert the building to an armoury. Since the maintenance work was required in any event, it was commenced, and charged to one local authorization. No changes were passed under the other two.

Works company concerned	Auditor's observations	Report by command or A.H.Q.
Type 2:		
No. 11 Victoria 1950	Two local purchase orders were issued in excess of $100.00, the local limit.	For professional services of surveyors. Work authorized by area engineer and accounts subsequently paid on properly authorized LPOs.
No. 11 Vancouver 1952	Local purchase orders are generally satisfactorily controlled, but three were raised after the purchases. (1) a $300. LPO to pay for blueprints 4 days after purchase. (2) a $16.50 LPO for 5 alwyn lamps the day after purchase. (3) for top soil, raised the same day as delivery was made. No explanation of the delay in issue of LPOs, as required by QMG instruction.	Attention will be paid to this requirement in future.
Type 3:		
No. 11 Chilliwack 1952	Dealt with under irregularity No. 13.	
Type 4:		
No. 11 Victoria 1950	Unused materials are not always returned to stores	They are always returned, but occasionally some are left on the job until transport is available. Lack of transport is the main factor.

Works company concerned	Auditor's observations	Report by command or A.H.Q.	
Type 4: (*Continued*)			
No. 11 Wks Coy, Vancouver 1951.....	At Boundary Bay, approximately 40 electric motors were held in stores but not accounted for.	19 surplus motors had been shipped to Vancouver in Feb 51 and taken on charge. Remaining 15 are in stock at Boundary Bay and all on charge in stock records. JAG commented further investigation required.	It is confirmed that surplus motors reported in 1951 audit report were in fact brought to charge at both Vancouver and Boundary Bay immediately following the inspection. The numerous items of electric stores mentioned in para 6 of appendix 6 to the 1952 report were brought to charge on 1 Apr 52. The pump turbine C/W ¾ H.P. motor (quantity 2) were brought to charge 3 Feb 51. The pump turbine C/W 3 H.P. motor was a piece of installed equipment which had been taken from its sump for overhaul on completion of which it was returned to its sump. The auditors have agreed that the motor should be taken to charge. Under the circumstances it is not possible to ascertain why surplus equipment was allowed to accumulate without being taken to charge after the 1951 report as the area engineer and detachment commander involved had left the area. Assurance can be given however that since the 1952 report, stocktaking is being brought up to date and surpluses have been taken to charge as they were discovered.
No. 11 Wks Coy, Vancouver 1952.....	Numerous electric stores and 3 turbine pumps in stock but not on charge.	Complete stocktaking at Boundary Bay detachment to be undertaken and duplicate record cards brought into agreement with master cards at Vancouver. These items will be taken on charge at completion of stocktaking. Stocktaking now completed. JAG commented further investigation required.	

Works company concernec	Auditor's observations	Report by command or A.H.Q.
Type 6:		
No. 11 Chilliwack 1950	A check shows one electric range and two refrigerators short. Possibly they were installed, but forms CAB 83 not raised.	Stores are received crated and are not uncrated until required for issue. These three items were in crates in the stores.
No. 11 Vancouver 1951	Blinds common and venetian are not always accounted for as installed equipment. Maybe because they were in some cases installed by supplier rather than by the RCE works company.	It is almost a physical impossibility to account for blinds as an installed store. It would require hiring a civilian for eight weeks to make one check. It is suggested they be accounted for as expendable engineer stores. Advice is requested. Command instructed by AHQ to account for roller blinds as installed stores until notified to contrary. Venetian remain an installed RCE store.
No. 11 Vancouver 1952	Present records were set up in March 1951. Two discrepancies were noted between these and former records: One cabinet frozen food and one refrigerator were not entered on new card. Blinds common and venetian are not entered on cards but are signed for on married quarter inventory.	Cabinet, frozen food, is entered on a card but serial number quoted by auditor is incorrect, and may account for the observation. Question necessity to account for blinds as installed equipment. Command investigated the refrigerator further on instructions from AHQ and, after investigation, reported that it had been issued between 1946 and 1952 and no trace of it could be found, its value being $80.00. Further investigation was NOT warranted.
Type 7:		
No. 11 Vancouver 1952	Bonding of individuals with tools on loan as required by CAO 201-13 has not yet been completed. One civilian deceased had 14 tools on charge.	Majority of tools loaned to the deceased civilian were recovered.
Type 8:		
No. 11 Chilliwack 1952	A test check showed 3 items out of 12 incorrect	Inventory is being taken and errors will be rectified.

Works company concerned	Auditor's observations	Report by command or A.H.Q.
Type 9:		
No. 11 Victoria 1950	A large number of discrepancies indicates a need for complete stocktaking, which has not been done since the war period.	Stocktaking is to be held in the near future and discrepancies rectified. In December command reported that it was not yet completed because of lack of staff.
No. 11 Chilliwack 1950	Complete stocktaking in July 49 but this year to September only two sections are completed. Schedule in CE letter 14/50 is to be followed.	Removal of stores from Chilliwack to Sardis delayed stocktaking as per CE 14/50 but it has now been done up to and inclusive of Oct 50. (Report dated 27 Oct 50)
Type 11:		
No. 11 Vancouver	File copies of requisitions were not approved by a works officer during period April 1 to July 1951 in numerous instances.	The detachment was without a works officer at intervals during this period. Corrective action has been taken.
No. 11 Chilliwack 1952	Dealt with under irregularity No. 12.	
Type 12:		
No. 11 Chilliwack 1952	Register of requisitions (CAFC 520) was not satisfactorily maintained prior to 15 Dec 51. It omits estimated costs and other details. Some 520's are not registered. This is unsatisfactory control.	Resignation of key civilian personnel plus postings of military clerks in summer of 1951 seriously hampered control. Adequate staff is now available.
No. 11 Vancouver 1951	Work orders are not filled as per instructions, and not completed as to costs of labour and materials actually used.	Orders are now filled and entered daily.
No. 11 Vancouver 1952	Estimated costs are not entered on some requisitions prior to approval.	This has been corrected.
Type 13:		
No. 11 Chilliwack 1952	Work orders are not reviewed to determine reason for exceeding estimates. Administration building was a case of splitting an authorization to secure major construction without AHQ approval.	The splitting is admitted, but it was not done to avoid seeking AHQ approval. It resulted from authorizing in one year a programme originally planned to cover three, and failure to realize that this change would entail seeking AHQ approval.

No. 11 Vancouver	Actual costs of some work orders exceed estimates by substantial amounts. Records fail to indicate review or approval of higher amounts. e.g. W/O 787 d/27 Jul 51 Estimate $449.07, Actual $1,201.94.	All work orders where estimates are exceeded will now be reviewed, and authority obtained where necessary.
Type 14:		
No. 11 Victoria 1951	There is considerable evidence that materials are not being charged to the right work order. "Cross-charging" exists.	At Gordon Head cross-charging was due to an inexperienced NCO. The situation has now been corrected.
No. 11 Chilliwack 1950	Three instances are cited of casual employees' time being charged to jobs other than those they worked on.	Shortage of personnel necessitated shifting of employees. Correct cost code will be used in future.
Type 15:		
No. 11 Victoria 1951	Nine authorizations for project (CAFC 2198) each under $5,000.00, were raised to shingle buildings at Gordon Head, total amount $38,837.00, approved by area commander.	It was realized that this amounted to "splitting", and the local CAFCs 2198 were cancelled, and AHQ authority was secured. Action had been initiated pursuant to CEC/L 33/51, calling for buildings to be placed in a reasonable state of preservation, and was originally intended to be done step by step.
Type 16:		
No. 11 Victoria 1951	Progress with respect to real property records since last audit is limited due to shortage of competent personnel.	The detachment is gradually completing the property record card system. Without establishment increase this will unavoidably stretch over several years.
No. 11 Vancouver 1951	Structural records are complete for Vancouver Area and Boundary Bay. This leaves only ground records to complete.	Property records for surfaced areas are now 90 per cent complete.
No. 11 Vancouver 1952	Posting of work orders to property record cards is some 6 months in arrears.	The situation is more acute than at previous audit. The sergeant (draughtsman) was posted to AHQ-Cards cannot be brought up to date till vacancy filled.

Works company concerned	Auditor's observations	Report by command or A.H.Q.
Type 17:		
No. 11 Victoria 1951	Cost accounting records are of little value because certain essential data are not included. *(a)* Distribution of casual labour was not prepared by civilian pay May to Sep due to pressure of work in the section. *(b)* Indirect costs not charged. *(c)* Stores not yet priced have not been included in cost accounting records. *(d)* Quarterly inventory reconciliations are not prepared.	It is difficult to get personnel to do the job as required. A clerk grade one was authorized, but the job requires a clerk grade three. With four incompetents in 1½ years it was impossible to get the job done properly. Recent authority has been received to upgrade this job to 2A.
Type 18:		
No. 11 Chilliwack 1952	No cost accounting has been done since July 1951. It is planned to commence next fiscal year if a finance clerk can be trained in time to set up records.	A clerk has been trained and records set up and difficulties are being overcome. Consolidated report 1 Aug 1951 to 31 Jan 52 was compiled and submitted and report for February was submitted 10 March.
Type 19:		
No. 11 Victoria 1951	Unit personnel are of opinion that staff is not sufficient to maintain cost of accounting records.	See irregularity No. 17.
Type 20:		
No. 11 Chilliwack 1952	One hourly casual labourer employed as full time storeman and clerk.	Command have been endeavouring to regularize part V establishment of Coy. Pending approval it is proposed to obtain authority to employ this man against a military vacancy.
No. 11 Vancouver 1952	Two casual labourers misemployed, one as draughtsman and one as a clerk.	A sgt draughtsman was posted and there was no trained person to replace him except a civilian. The other employee is only employed part time as clerk when work load becomes too great.

3. Shortly after the submission of the Currie report, the judge advocate general, at the request of the Minister of National Defence, examined each of the instances of irregularity mentioned in appendix B. His report of his investigation is contained in minutes and proceedings of the special committee on defence expenditure No. 11, 5 March 1953, pages 288-297.

With respect to No. 11 works company, there were 32 instances of irregularity, classified under 18 types, reported by the chief auditor. The judge advocate general found that in nine instances there had been no violation of regulations or instructions; in these instances the chief auditor had either commented on errors in accounting or on the manner in which records were kept or had made recommendations. In the remaining 23 instances, the judge advocate general found no evidence of culpable neglect; in these cases it appeared that breaches of regulations arising from improper motives had not been committed and the persons concerned had been reasonably zealous and conscientious. There was, therefore, no ground for taking legal action in any of these instances.

Nearly a third of the instances reported by the chief auditor were, in the judge advocate general's opinion, the result of a shortage of staff. The remainder were very largely understandable errors, honest misinterpretations of regulations, bookkeeping errors and other minor breaches of regulations; in other instances the explanation provided by command or army headquarters was considered reasonable. In only one case had there been any loss (a refrigerator valued at $80) and a full investigation was unable to find the missing article or to establish any responsibility for the loss.

Following the tabling of the Currie report, many improvements were pressed forward in the army works service as a whole, as well as in No. 11 works company. Regulations governing works procedures, financial accounting, stores control and general administrative procedures were reviewed to provide a closer control over the type and quality of work being done, expenditure of funds and the holding of warehouse stocks. Surplus and stockpiled stores were withdrawn from works services units and sent to engineer stores depots for retention. Warehousing facilities at works units were improved.

The Currie report recommended that real property records be brought up to date as quickly as possible. It was calculated that this project would require three years to complete and it has been steadily pressed forward. Shortage of staff had been a major difficulty. A new army works services establishment was approved and the civil service commission made every effort to fill vacancies with qualified personnel. In particular, as recommended by the Currie report, estimators were employed. Special courses have been conducted to train new personnel in their duties. Recruiting and training of personnel has been a lengthy process and the results are only now being felt.

An inspection and audit group has been established within the directorate of works and frequent inspections have been carried out.

4. Yes. Two administrative officers, three works officers, two estimators, three stores officers and twenty-eight clerks, storemen and foremen were added to the company.

5. (a) Since December 1952 the chief auditor has made eight audits of the company on the following dates:

	1953	1954	1955
Vancouver	March	March	January
Victoria	March	February	March
Chilliwack	March	April	

(b) The directorate of works inspection team inspected the company on the following dates:
(1) 23 June to 12 July 1953
(2) 7 June to 25 June 1954

(c) The command engineer, western command, makes a tour of inspection quarterly.

(d) The inspectorate of quartermaster services inspected the company in April 1953 and May 1954.

(e) The chief inspector of the Adjutant General's inspectorate inspected the Vancouver detachment in January 1954.

(f) Periodic inspections are also made by the commanding officer of the company.

6. In reports of audits made since October 1952, the chief auditor has made observations through the normal channels, concerning instances of irregularity, all of a minor nature, in No. 11 works company. A third of these observations have dealt with the condition of property records, while recognizing that the task of putting these records in proper order is a long-term project. The March 1955 audit at the Victoria detachment noted that property records there were now in satisfactory condition.

Some instances were noted of scrap not being taken on charge quickly enough following the completion of works projects. Bookkeeping errors, which did not involve any

losses, were also reported. One instance of misemployment was observed but it was recognized that suitable employees could not be engaged until a revised establishment had been authorized.

The latest audits by the chief auditor at each detachment revealed that: at Vancouver there had been improvements in the engineer account although the ordnance account was still not acceptable (a determined effort is being made to improve it), at Victoria accounting records were on the whole satisfactory and at Chilliwack accounting records were in good condition although a few phases still required attention.

The new inspections by the directorate of works service inspection team resulted in a number of observations at Chilliwack, Victoria and Vancouver. All these observations were noted and explained and action taken to correct the situation where necessary.

In 1954 the inspection by the inspectorate of quartermaster services resulted in a comment on security arrangements at each detachment. The area commander is studying this matter but the lay-out of the sites makes the cost of complete security prohibitive.

The chief inspector of the adjutant general's inspectorate made five observations after his visit to the Vancouver detachment in January 1954.

A statement concerning the investigation initiated by the commanding officer, which is still in progress, was given to the house by the Minister of National Defence on 21 March 1955 at page 2218 of *Hansard*.

CUSTOMS ACT APPEALS

Mr. Michener:

1. How many appeals under the Customs Act have been heard and decided upon by the present tariff board since its appointment?
(a) Appeals and/or references by the deputy minister?
(b) Appeals by other parties?
2. How many such appeals have resulted in the reduction of customs duties on imported goods?
3. Concerning the appeals covered by item 1 (b), above:
(a) How many applications for leave to appeal to the exchequer court have been made?
(b) How many granted?
(c) How many have been heard and decided upon by the exchequer court?
(d) Of those in (c), how many have upheld the decision of the tariff board?

Mr. Benidickson:

1 and 3. Questions numbered (1) and (3) can most intelligibly be answered by one tabular statement, as follows:

Total appeals under the Customs Act lodged with the board since its appointment	150
Of this total, references by deputy minister were	7
Appeals withdrawn after filing with board	27
Appeals heard by board and disposed of	109
Appeals awaiting disposal by board	14
Applications to exchequer court for further appeal	14
Of these, on behalf of deputy minister	3
Applications granted by exchequer court	6
Applications dismissed by exchequer court	5
Applications for leave to appeal, pending	3
Appeals heard by exchequer court	6
Appeals disposed of by exchequer court	4
Tariff board decisions upheld by exchequer court	4

2. In hearing appeals under the Customs Act, the tariff board, sitting as a court of record, takes no cognizance of the rates of duty or the amount of duty properly leviable and collectable. It determines, as the premises may require, either the proper tariff classification or the proper value for duty purposes. Accordingly, no record is kept by the board as to whether or not the effect of its finding is an increase or a decrease in the amount of duty-burden properly to be levied and collected by the customs authorities.

Note: The above tabular statement does not cover appeals before the tariff board under the provisions of the Excise Tax Act.

QUESTIONS PASSED AS ORDERS FOR RETURNS

STUDY OF RADIOACTIVITY RESULTS, CANADA

Mr. Knowles:

1. Is any department or branch of the federal government making any studies as to the extent to which atomic and hydrogen bomb tests can be made without grave danger to the human race?
2. If so, what are the results or findings of such studies?

RADIATION DOSES AND LEVELS

Mr. Noseworthy:

1. What is the maximum dose, in roentgens, which the Chalk River workers are allowed to absorb each week?
2. What radiation levels have been reported in Canada following atom bomb tests (also in roentgen units for comparison)?
3. What is the minimum lethal dose (in roentgens)?

GOVERNMENT CHEQUES

Mr. Poulin:

1. Are all cheques issued by the federal government, or by any department, board, commission, corporation, etc., of the said government, bilingual?

2. Are all cheques issued in the province of Quebec entirely bilingual on the face and the reverse side?

3. Are all cheques issued outside the province of Quebec and intended for persons residing within the said province, entirely bilingual on the reverse side and the face?

MOTIONS FOR PAPERS

USE OF TITLE "ROYAL", ETC.

Mr. Diefenbaker:

For a copy of all correspondence directed to any minister or department of government since the 1st day of January, 1950 and replies thereto, which relate to applications made for permission to use the expression "royal", "queen", or any other title or word, which law, tradition or practice requires must have the consent of the crown before same may be used as part of the name of any corporation, partnership, institution or thing.

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

Mr. Pinard: Subject to the usual reservations.

Mr. Speaker: This motion is carried subject to the usual reservations.

DEPARTMENT OF NATIONAL DEFENCE ACCOUNTS

Mr. Fulton:

For a copy of all correspondence, memoranda, etc., exchanged between the office of the Auditor General and the Department of National Defence or the minister or any official of the said department, since January 1, 1950, relating to the accounts of the said department.

Mr. Campney: In addition to associating myself with a number of the arguments made by the Minister of National Revenue (Mr. McCann) last Monday on the motion standing in the name of the hon. member for Kamloops and addressed to the Department of National Revenue, I should like to point out that the Auditor General maintains at all times an office within our department and that, through that office, his representative and his officials have access to all the documents, memoranda, reports, and papers pertaining to internal audit which pass within the department. As this motion is worded, I would take it to mean that all these documents should be made available.

First there is the question of the magnitude of the time and effort involved in the preparation for production of such documents. Then above and beyond that consideration, and the ground on which I will have to oppose this motion, there is the fact that it certainly presupposes the production of numerous privileged documents. I would therefore ask that the motion be withdrawn or, failing that, that it be voted down.

Mr. Fulton: If I may do so, I should like to make this explanation. It seems to me that the motion is perfectly clear. It does not ask for the production of any documents prepared in and for the purposes of the Department of National Defence. It asks for the production of correspondence, memoranda, et cetera, exchanged between the office of the Auditor General and the Department of National Defence. Hence the first ground upon which the minister sought to indicate that the motion should not be accepted is disposed of by the very clear wording of the motion itself. Then the motion does not call for the production of any privileged documents. It does not call for the production of documents prepared within or for the use of the department itself but only for those exchanged between the department and the Auditor General who is, of course, a servant of parliament.

I might just say this, Mr. Speaker. Following the exchange that took place on Monday between the Minister of National Revenue, the Prime Minister (Mr. St. Laurent) and myself, I was in touch with the office of the Auditor General. I am advised by him that there could, of course, be no objection whatsoever so far as he is concerned to the production of the correspondence and memoranda referred to in the two motions, one of which is now before the house. I have checked further and I find that until at least as recently as 1938 it was a matter of course for the correspondence such as that which is referred to here to be incorporated in the Auditor General's report.

Mr. Speaker: Order. The hon. member is certainly going beyond what he is allowed to do. The motion is not debatable. He therefore should not have been allowed to say anything. But as he has been allowed to make a few remarks with respect to the opposition indicated by the minister, I think we must now settle this matter one way or the other. I take it that the hon. member is not withdrawing his motion?

Mr. Fulton: No.

Mr. Speaker: And I take it that he is not allowing it to be dropped?

Mr. Fulton: No.

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

YEAS

Messrs:

Aitken, Miss	Cameron (Nanaimo)
Balcer	Campbell
Barnett	Cardiff
Bell	Castleden
Bennett, Miss	Charlton
Blackmore	Churchill
Blair	Coldwell
Bryce	Diefenbaker
Bryson	Dinsdale

Motions for Papers

Dufresne
Ellis
Fairclough, Mrs.
Fraser (Peterborough)
Fulton
Gagnon
Gillis
Green
Hamilton (Notre Dame de Grace)
Hamilton (York West)
Hansell
Harkness
Hees
Herridge
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Lennard
Low
Macdonnell
MacLean
McBain
McCullough (Moose Mountain)
McGregor
McLeod
Michener
Mitchell (London)
Montgomery
Murphy (Lambton West)
Nesbitt
Nickle
Noseworthy
Nowlan
Pallett
Patterson
Pearkes
Perron
Poulin
Quelch
Regier
Robinson (Bruce)
Rowe
Stanton
Starr
Stewart (Winnipeg North)
Thatcher
Thomas
Trainor
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Winch
Yuill
Zaplitny—78.

NAYS

Messrs:

Anderson
Applewhaite
Arsenault
Ashbourne
Balcom
Batten
Benidickson
Bennett
Blanchette
Boisvert
Bonnier
Boucher
Bourque
Brisson
Brown (Essex West)
Bruneau
Buchanan
Byrne
Cameron (High Park)
Campney
Cannon
Cardin
Caron
Carrick
Carter
Cavers
Clark
Crestohl
Croll
Dechene
Decore
Deschatelets
Deslieres
Dupuis
Enfield
Eudes
Fairey
Follwell
Forgie
Gardiner
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Gingues
Goode
Gour (Russell)
Gourd (Chapleau)
Habel
Hanna
Hardie
Harrison
Healy
Hellyer
Henderson
Henry
Hollingworth
Hosking
Houck
Huffman
Hunter
James
Kickham
Kirk (Shelburne-Yarmouth-Clare)
LaCroix
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Lavigne
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrançois
Legare
Lesage
Lusby
MacDougall
MacEachen
MacKenzie
MacNaught
McCann
McCubbin
McCulloch (Pictou)
McIvor
McWilliam
Mang
Marler
Masse
Matheson
Meunier
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nixon
Pearson
Philpott
Picard
Pickersgill
Pinard
Pommer
Pouliot
Prudham
Purdy
Ratelle
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Robinson (Simcoe East)
Ross
Shipley, Mrs.
Simmons
Smith
Stick
Stuart (Charlotte)
Thibault
Tucker
Valois
Viau
Villeneuve
Vincent
Weaver
Weir
Weselak
White (Waterloo South)—129.

CANADIAN FLAG

REPORTED INSTRUCTIONS RESPECTING USE OF RED ENSIGN

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I wish to direct a question to the Secretary of State based on an article in the *Trade Marks Journal* of April 13, 1955, to which I have directed his attention. Has the government, as therein recorded, given instructions to the registrar to advise the adoption and use by Canada, as a distinctive Canadian flag, of the red ensign with the shield and coat of arms of Canada on the fly as shown in the said article? If so, has the question of Canada's national flag finally been determined by the government?

Hon. Roch Pinard (Secretary of State): I thank my hon. friend for giving me notice of his intention to ask this question. I have the article to which he refers, in which appear both the Canadian coat of arms and the Canadian red ensign. I wish to inform my hon. friend that this is strictly a matter of routine procedure. It arises out of the proclamation last year of the new Trade Marks Act which replaced the Unfair Competition Act of 1932. The coat of arms was adopted under royal proclamation in 1921. The red ensign, as was recently explained by the Prime Minister (Mr. St. Laurent) in answer to a question by the hon. member for Lapointe (Mr. Girard), was adopted as a distinctive Canadian flag by order in council of September 5, 1945.

Section 14 of the Unfair Competition Act of 1932, which as I said before was replaced by the Trade Marks Act of last year, did not require the publication of any notice as a condition of the existence of the Canadian government's exclusive right to use the coat

of arms or the flag. Section 9, subsection 1, paragraph (e) of the Trade Marks Act as proclaimed last year makes such notice necessary for the government to benefit from the exclusive right to the coat of arms and the Canadian red ensign. I might possibly read that section of the act to which I have just referred:

> No person shall adopt in connection with a business, as a trade mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for
>
> (e) the arms, crest or flag adopted and used at any time by Canada or by any province or municipal corporation in Canada in respect of which the registrar has at the request of the government of Canada or of the province or municipal corporation concerned, given public notice of its adoption and use;

The notice to which the hon. gentleman has referred is simply putting into effect this clause of section 9 to which I have just referred.

PUBLIC SERVICE

FIVE-DAY 40-HOUR WEEK—STATIONARY ENGINEERS AND FIREMEN

On the orders of the day:

Hon. Roch Pinard (Secretary of State): I should like to answer a question that was asked of me yesterday by the hon. member for Winnipeg North Centre. The question was:

> Can he say when stationary engineers and firemen employed by the federal government will be put on a five-day 40-hour week along the lines of his announcement of March 30?

The answer, according to the information I have received from the civil service commission, is as follows. The five-day 40-hour week will be extended to stationary engineers and firemen employed by the federal government with effect from June 1, 1955. Implementation of the five-day week will not be applicable to heating staffs in hospitals, convalescent institutions, establishments and services maintained to provide living accommodation or furnish messing facilities, penitentiaries, farms, fish hatcheries and national parks, or in centres where general application of the five-day week has not been authorized.

TRADE

REFERENCE TO PRESS REPORT OF STATEMENT BY MINISTER OF TRADE AND COMMERCE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Agriculture arising out of a press report in the Ottawa *Journal* of April 26, 1955, attributing a statement to the Right Hon. C. D. Howe that Canada would buy more New Zealand primary produce—

Some hon. Members: Question, question.

Mr. McCullough (Moose Mountain): —and which quotes him in this regard as saying Canada would take "everything but dairy produce".

Mr. Speaker: Order.

Mr. McCullough (Moose Mountain): Could the minister indicate what quantities of wheat, beef or other primary produce Canada is prepared to buy from New Zealand?

Right Hon. J. G. Gardiner (Minister of Agriculture): I have not read the report in the *Journal*, but even taking the wording as it has been stated, I do not think there is any reference to wheat or beef in the statement. On the other hand, this is a report of a statement made by the Minister of Trade and Commerce on the other side of the world. We have sufficient difficulty in properly interpreting reports of statements we make in this country, and I would not therefore attempt to make any comment based on a report from that far away. I would point out as well that I do not believe the question is sufficiently urgent to require an answer before the minister comes back.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, April 22, consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. Coldwell.

Mr. Claude Ellis (Regina City): Mr. Speaker, at the time of adjournment last Friday I had been dealing with the failure of the budget to provide any measure of tax relief to the great percentage of Canadian people who are earning incomes below that figure at which they would be required to pay income tax, and I had suggested that if this government had been anxious to help those Canadians who are in greatest need of tax reductions it could have done so through a reduction in the sales tax.

Today I wish to continue with a very brief examination of some of the particulars of the budget brought down by the Minister of Finance (Mr. Harris). These details taken

alone are important enough; but when combined I think they illustrate quite clearly the inequity and injustice in our present tax structure.

Dealing briefly with a number of these glaring injustices I would first draw the attention of the house to the flat old age security tax of $60. I believe that, as a general principle, taxation should be based upon ability to pay. Yet we have in this instance a tax in which a man earning $3,000 of taxable income is required to pay as much tax as is the millionaire. The maximum figure of $60 destroys completely what I believe to be the only fair concept of taxation, and that is taxation having regard to the ability to pay.

Then of course we have the 3 per cent floor on deductions for medical expenses, in so far as income tax is concerned. I need not refer at great length to that because, over a period of years, the hon. member for Winnipeg North Centre (Mr. Knowles) has brought in resolutions urging the removal of this floor. Here is a practical way in which the Minister of Finance could have afforded some tax relief to Canadian citizens who are in sore need of tax relief. Yet the floor remains.

And I notice some other examples. On the T-1 form among the deductions allowed there will be seen a deduction of 20 per cent of net dividends from taxable Canadian corporations. Prior to the budget a married man with no children would have been permitted an income of $9,760, under this provision, without paying a cent of tax. As a result of the budget and as a result of the continuance of this feature in the income tax, today the same married man with no children can earn up to $11,131 in income without having to pay a single cent of tax.

I suggest there is something drastically wrong with an income tax set-up which permits a person who derives his income from clipping coupons to receive over $11,000 by way of income during a year without becoming liable for taxation on that income while, at the same time, those who earn their incomes in the form of wages or salaries or commissions, or from the sale of farm produce, are required to pay income tax on everything over the allowable limit.

Clearly here is an example of the lack of concern of this government for the wage earners who are so sorely pressed by taxes of all kinds. I suggest that before members of the government wax too enthusiastic over this budget they should give serious consideration to the discontinuing of factors of that kind.

[Mr. Ellis.]

Then we find also preferential treatment given with respect to deductions in the corporation income tax. Once again as happened a few years ago when adjustments were made in personal and corporation income tax rates we find that the corporation income tax rates have been made retroactive to January 1, whereas the rates affecting the personal income tax do not become operative until July 1. Here again on the one hand we find those who are going to benefit as a result of deductions in corporation income tax getting the full year's benefit, so far as those reductions are concerned, while those in the personal income tax brackets do not receive benefits until July 1.

There are other items in the budget which were not given too much prominence by the Minister of Finance. For example, the incentive tax concessions for oil, gas and mining companies, which had been effective on a rather indefinite basis, are now made permanent under the provisions of this budget.

Then there are a number of other things concerning which the budget must be scored because of the absence of provisions which would allow a more equitable tax structure in this country. For example, we have no capital gains tax; and I suggest that any equitable tax structure should make provision whereby those deriving income from capital gains would bear their fair share of the tax load. Capital gains are a form of wealth accumulation not generally the result of any useful economic activity or work; and yet they are given preferential tax-free treatment by this government. Capital gains have played a very outstanding role in the creation of large fortunes, to a point where it could be said that such capital gains have been the main source of those fortunes. I suggest capital gains should be taxed, just as any other addition to income should be taxed.

Then we have another notable absence, that of the absence of an excess profits tax. I would draw the attention of hon. members to the fact that in 1948 the government removed this tax. I think there are some very interesting figures which bear out my contention that there was no need for its removal at that time, and that any tax relief afforded these companies was in turn borne by the taxpapers as a whole.

I have in my hand a report from the Bank of Canada which gives a cross-section survey of 704 companies in Canada having assets of $200,000 or more. This report indicates that in 1947, the last full year before the removal of the excess profits tax, those 704 companies in Canada had net profits, before taxes, of some $742·4 million. In the year following the removal of the excess profits

tax those same companies earned $856·4 million; and in 1953 they were earning net incomes, before taxes, of $1,147·6 million.

It is clear from the statistics I have given that there was absolutely no justification for the removal of the excess profits tax at that time, because since the removal of the tax the profits of Canadian corporations have gone up. Here is a perfect example of the willingness of the government to come to the assistance of those who need it least. Because certainly no one could argue that in 1947, when the decision was made to remove the excess profits tax, these companies were in sore need, and that the tax should have been removed.

I have cited some of these instances of injustice in our taxing structure to support my main point. Each example in itself, as I pointed out, is very important; but when they are taken together we see the pattern and realize what is the philosophy of the Minister of Finance and the government, that when it comes to tax reductions or tax concessions they are far more concerned about the business interests than they are about the small taxpayers and the low income groups throughout the country.

I suggested the other evening that in the final analysis the real test of the budget would be with respect to its contribution toward the solution of our major economic problems. I suggested that the budget is an instrument of government policy, and whether we like it or not, in our modern day and age, the budget is of necessity an instrument of social planning. Therefore, it is not merely a question of bringing about adjustments in the tax rates and judging the budget on the basis of whether the tax reductions are as large as we would hope; for the budget must, in the final analysis, be judged upon the effect it will have on the economy of this country and toward the solution of the difficulties facing Canada at the present time.

I do not think any of us need to be reminded of the major economic problem facing this country. I suggest that our major problem is a two-sided one. It consists on the one side of falling farm net income and on the other of mounting unemployment. In spite of all the efforts of the government to minimize the importance of these two factors, the white paper brought in at the time of the budget indicates what we have been arguing for many years, namely, that there has been a steady, precipitous drop in farm income. The white paper revealed a drop of 30 per cent, and it is the third consecutive year in which there has been a serious drop in farm income.

Now, with respect to unemployment, a few weeks ago I had occasion to say something about the unemployment problem, but since that time there have been a number of items on which I should like to comment. In the first instance, in looking to the government for some sort of leadership and to government supporters for some suggestion as to how we are to deal with the unemployment problem, it was quite significant that the only suggestions we heard from the government side of the house were two which were made during the external affairs debate when the hon. member for Vancouver South (Mr. Philpott) suggested that we deal with the seasonal unemployment problem by putting the unemployed in the army during the winter months. If he left any doubts as to what he meant, they were removed by the hon. member for Fort William (Mr. McIvor), who rose in his place and said it would be a splendid idea and certainly it would take care of these men who are out of work, to put them in the army between November 1 and April 1, or May 1. Apparently, that is the only suggestion that has come from the government side with respect to finding jobs for our unemployed.

I suggest further that the Prime Minister has made a number of statements which I feel are too bluntly indicative of the government's attitude toward unemployment. Since the provincial premiers are in Ottawa at the present time working out an agenda for the forthcoming dominion-provincial conference, I certainly am not going to try to speculate on the result of such deliberations, but I must comment on certain remarks made by the Prime Minister.

We in the C.C.F. have long maintained that the supporters of free enterprise accept a certain amount of unemployment. As a matter of fact, we can go farther and say that big business desires a surplus of workers over jobs, and that they see nothing wrong in a certain percentage of unemployment in this country. The thing that worries us is how many unemployed we must have in Canada before the government considers it has any responsibility in this matter. It will be recalled that earlier in the year when the figures were mounting month by month the government was unwilling to take any action except in the form of relief. These are the only suggestions we have had from the government.

Now, we have made statements to the effect that under free enterprise a certain percentage of unemployment is accepted, and for so doing we have often been abused or ridiculed. I think the Prime Minister's speech the other day is clearly indicative of the fact that the government accepts a certain amount of unemployment; because in his welcoming remarks to the provincial premiers he suggested

that the federal government might be prepared to contribute something toward the relief of unemployment beyond a certain minimum figure. In other words, the government was quite prepared to have so many unemployed in the country, and it was only when the number of unemployed went beyond a particular figure—we have not any information as to what the level is—the government considered it had any responsibility toward supplying even relief, much less work and wages. We in this movement maintain that the right to work ought to be the birthright of every Canadian citizen.

During the war years when the late President Roosevelt and Winston Churchill met and formulated the Atlantic charter, one of the provisions which struck a responsive chord throughout the world was "freedom from want". We can interpret that to mean the right of every citizen to earn his own bread. I say that any government which cannot, in the words of the Prime Minister, manage its affairs in such a manner that jobs can be provided is unfit to govern.

We were forewarned in this house as to the attitude the Prime Minister was going to take, because it will be recalled that on Monday last he was asked by the hon. member for York South (Mr. Noseworthy) a question regarding unemployment. In answer to the hon. member the Prime Minister said, as recorded on page 3122 of *Hansard:*

> I say that it is my intention to suggest that relief for needy persons, whether employable or unemployable, be discussed at this meeting with the provincial premiers.

At that point the hon. member for Assiniboia (Mr. Argue) interjected this remark:

> How about work for them?

Well, I need not remind the house of the answer; I prefer to use inverted commas around the word "answer". The Prime Minister refused bluntly even to consider a work and wages program. He thinks only in terms of direct relief. Surely, Mr. Speaker, we have learned our lessons from the past, the economic imbecility of the thirties when millions of dollars were poured down the drain for direct relief, with nothing to show for them except the disillusionment, the embarrassment, the demoralization of so many of our people. If we have learned from the lessons of the past, we should certainly have learned the lesson that the only way to deal with unemployment is to provide jobs, not relief.

It is rather strange that the Prime Minister, who today has turned his back flatly on a work and wages program, is the same man who just a few months ago made a speech in the city of Quebec in which he stated quite categorically that it was the responsibility of the government to provide employment, and if the government could not so organize its economic activities as to provide jobs for all, then that government should resign. It is the same Prime Minister who heads the government today who is absolutely refusing to consider anything but a paltry contribution to direct relief. Today we find that the suggestions offered to the provincial premiers is that we shall pay between 30 per cent and 50 per cent of the relief costs, and the remainder will be borne by the already over-harassed, over-burdened provinces and municipalities.

Mr. Knowles: Over-Harrised is right.

Mr. Ellis: The hon. member for Winnipeg North Centre certainly deserves a big mark for that interjection. We have reached the stage today when we must accept the fact that relief is not the answer. I shall grant you that relief is a stop-gap. I realize there are people in need in Canada today and their needs have to be met today, not tomorrow, not next week, but today. But that should be a stop-gap only. The government should be taking steps to provide employment, and the amazing thing is that the Prime Minister has accepted this sort of thing. I am going to read another excerpt from the speech made by the Prime Minister at Quebec. He said this:

> We are told that for some time now construction industry activities have been slowing down slightly. We have deliberately held back a great number of construction projects we want to launch. We did not wish to compete with private industry, with Canadian individuals, in the hiring of workers and purchase of materials. But we have a duty to prevent a drop in the construction industry and we are going to prevent it.

How does the Prime Minister tie that statement in with the type of statement he made to the provincial premiers yesterday? The Prime Minister made the categorical statement that the federal government has deliberately held back certain construction projects. I should like to know what those construction projects are. Would the Prime Minister care to name them? Let us know what these projects are and how many there are. Let us know when they are going to proceed with them. We have no information whatsoever. Yet the Prime Minister made the categorical statement that they had been deliberately holding back on construction projects until such time as there was a slackening in industrial activities.

Someone mentioned the South Saskatchewan dam. On that point, the premier of Saskatchewan wrote to the Prime Minister, immediately after reading this wonderful speech the right hon. gentleman made in

Quebec city, congratulating him on it and suggesting that, now that the Prime Minister had revealed that the present government had been holding certain projects in reserve, perhaps one of those projects might be the South Saskatchewan dam. The Prime Minister replied to the premier of Saskatchewan, informing him that the government did not consider the South Saskatchewan project as one which was being held in reserve and that that project would be considered on its merits. My suggestion is this. If there was merit in the project before unemployment came along, certainly there is twice the merit in this project now. If the government had any hesitancy in going ahead with that project three or four years ago, much less 15 years ago when the Liberals first promised it, there is certainly plenty of argument today for starting that project immediately.

In connection with that dam, it is very interesting that on March 9 the government tabled sessional paper 106-A, which contained a copy of all correspondence between the government of Saskatchewan and the government of Canada regarding the South Saskatchewan dam and irrigation projects. It is exactly one year tomorrow since the premier of Saskatchewan wrote to the Minister of Agriculture in the federal cabinet, reminding Mr. Gardiner that by common admission previous to this the only remaining obstacle to agreement as to whether the federal government was prepared to go ahead with this project was the matter of the contribution the government of Saskatchewan would be called upon to make towards the construction of the dam itself.

In view of the emphasis placed by federal officials on the possibility of subsidization of power by the federal government in making a federal contribution to this dam, Mr. Douglas pointed out in his letter that by a figure agreed between representatives of the federal government and provincial government the value of the power which would be made available to Saskatchewan through the building of this dam would amount to some $17,860,000. The province had previously agreed to pay all the cost of the building of the hydroelectric generating stations. So here definitely was the commitment by the province of Saskatchewan that they were prepared to pay not only the full cost of building the power stations at the dam site but also $17,860,000 towards the construction of the dam itself. Certainly this removed any possible thought in the minds of any hon. gentlemen that in going ahead with this project federal moneys would in any way be used to subsidize the generation of power in the province of Saskatchewan.

Mr. Douglas went on to point out that, as we are well aware, this was initially a federal project. It was promised to the people of Saskatchewan year in and year out by Liberal politicians. The Minister of Agriculture was the foremost of those who promised the dam. They have used that promise to get votes in more elections than one, and this was largely instrumental in their victory in the Rosthern by-election a few years ago. When the people of Saskatchewan finally got around to asking the government of Canada when they were going to proceed with the dam, the reply was, "We are waiting until the provincial government agrees to pay its share." That came as a big shock to the provincial government because they had always understood that it was a purely federal project. There are many people in Saskatchewan who feel that the federal government deliberately put forth that requirement hoping that the provincial government would turn it down and then the Liberals could go up and down Saskatchewan saying, "We were prepared to build this dam, but the C.C.F. provincial government has denied that dam to us." But the provincial government, much as they might have been put out by this sudden change, agreed that they would participate in the building of the dam, though every time they got close to agreement the Minister of Agriculture came forth with new conditions. Each time these new conditions were brought forth, it appears quite obvious that the federal government was doing everything it could to get off the hook and to throw the responsibility on the shoulders of the provincial government.

The situation was simply this, that this started out as a purely federal project. There have been meetings of the technical staffs of the provincial and the federal government, and they have arrived at these figures. They decided that to build the main reservoir and dam would cost $80 million; the irrigation system would cost $35 million; and the power system $20 million; making a total of $135 million. This was at the outset a purely federal matter. The provincial government agreed to pay the cost of the power stations, $20 million. They agreed to pay for the cost of the irrigation work, $35 million. But even that was not enough. After we had gone out of our way to accommodate the federal government, it turned around and said, "That is not enough; we want you to pay a share of the cost of the reservoir itself". It felt certain that the provincial government could not meet these exacting demands. The provincial government have enough faith in the province, and were prepared to undertake a venture of this kind. The provincial

government said, "All right, we will decide on a figure which we feel we might pay to bring about some satisfactory conclusion of these negotiations." As a result of meetings between the technical staffs of P.F.R.A. and the provincial government, it was agreed that the province of Saskatchewan would be called upon to pay, in addition to the $55 million to which they had already committed themselves, an additional $17,860,000. One might have thought that certainly they would go ahead with it now because, in a project that originally began as a federal undertaking, the provincial government is committed to spend $73 million and the federal investment is only $62 million. The province, with a population of less than a million, is prepared to pay over half the cost of the project, and the federal government has not yet made up its mind as to whether it will go ahead with the project.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Ellis: Mr. Speaker, I am just concluding my remarks. I do want to say—

Mr. Deputy Speaker: Order. Has the hon. member unanimous consent to proceed?

Some hon. Members: Go ahead.

Mr. Ellis: I can conclude briefly. I want to conclude simply by making these remarks. Up to the present time the situation has been simply this. Representatives of the provincial government have been meeting with representatives of the federal government. They have been sitting down and working out the details of a draft agreement which was brought up for consideration last fall. Yet all during these negotiations the provincial government was in the rather ridiculous situation that even if they acceded to every request made by the federal representatives, there was still no guarantee that the federal government would go ahead and build the dam. In other words, even if the representatives of P.F.R.A. and the representatives of the federal government were to come to complete agreement with the provincial authorities, all it would take is a shake of the head by the Prime Minister (Mr. St. Laurent) to have done with the whole project.

I therefore say that we have now reached the stage where I believe the province of Saskatchewan has indicated its good faith. It has perhaps gone further than many people think we should have gone. But we want this dam built. It will be a great boon, or a great shot in the arm to our economy. It will aid our employment situation in this country. I think here is a practical example of how the government can now get down to business and do something towards the solution of our unemployment problem.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I have two reasons for taking part in this debate. The first is that I have something to say and the second is that I represent a constituency that is worth representing. I was one of those who congratulated the Minister of Finance (Mr. Harris); and notwithstanding anything that has been said, even by the hon. member who has just spoken, I did not change my mind because I believe he was right and that he deserves any encouragement that he gets. I know that the Minister of Finance did not bring down his budget in order to please the opposition. If he had tried to do so, he just could not do it nor could anybody else. The Minister of Finance is just like the other three men I knew who preceded him. He is steady, optimistic and progressive. He is one of those who stand solidly for stable government and he is a credit to Canada.

I agree with the hon. member for Broadview (Mr. Hees) when he said that this was a popular budget after he had made his statement and his suggestions. It is a popular budget. There are those who would back up the minister, including the fishermen, the automobile companies, and those with lower income taxes and the farmers. I know that each of these classes would like to have more, but that is human nature. We want more and more of the material things.

To me the outstanding thing in the budget was the reference to the royal commission. Of that matter I will speak later. I do not agree with the amendment moved by the leader of the C.C.F. I do not think the government should hand over money to any province without having a say as to how it is to be spent. Just imagine the dominion government handing over money to the province of Ontario which hardly knows what to do with all its money, and which always has a big surplus. Just imagine the dominion government handing over money to the province of Quebec. The premier of Quebec would say, "We are able to handle our own business and we can carry on without you".

Mr. Knowles: Does the hon. member not support the taxation agreements?

Mr. McIvor: I am not in any big hurry, Mr. Speaker, but I will answer any question afterwards. Let us consider the province of British Columbia. I do not think it is a poor province. Let us look at the province of Alberta with all their millions made out of oil. Do they want a handout from the dominion government? I know that most

of the provinces have a little bit of "Scotch" in them, and they will take any given quantity.

I commend the government for its trade policy, especially for the one outstanding act. I think even the opposition commended the government for that act, in view of the farewell that was given to the Minister of Trade and Commerce (Mr. Howe). I think that a wise move was made in sending him to Australia and New Zealand. As somebody said at that time—perhaps it was myself—he is an outstanding salesman for Canada and he will do a good job. We shall look forward to his report when he comes back.

I know that we need good crops. While I bear the name of a prophet, I am not much of a prophet. However, I would say that in the last 60 years in Canada I never knew a year when we had a big fall of snow that we had a poor crop. This year we have snow everywhere and little frost in the ground. I therefore expect that the benefit of this snow that has fallen will result in a good crop.

I should just like to tell the Minister of Finance how he might make a little bit of money or save a little bit. In the city of Fort William we pay $33,000 out in rent. I have advocated a federal building. I would suggest, according to my own figuring, that you can build for $200,000 a building that will house these offices, with a little bit of space to spare. Therefore in about six years that building would be clear. I think that this is absolutely necessary.

I commend the Minister of Finance for the reduction from 4 per cent to 2 per cent in the taxing ability of our cities. That does not come low enough for Fort William. Ours is 1·7. We need another ·3. But I think we shall get this later on when we get our public buildings.

We have four large buildings in Fort William and we think that they should have some help from the dominion government. Let us consider our big post office building. In it are several large offices for the Canadian mounted police. Public works have a great big corner; agriculture have a corner, and immigration have a corner as well as have the post office. That is an important building. Then, with its three storeys, there is the old post office that was renovated in which are the unemployment insurance offices. Then we have a customs building that houses the customs offices and income tax offices. Then we have the armoury and the air field. We think that we should have some consideration and that we should have a public building.

I know there are those who say that we have hard times in Canada. I do not believe that. When I want to get a holiday, I often make a trip around the beer parlours and places that sell the thing that some people think is good. I should be glad to take the hon. member for Winnipeg North Centre (Mr. Knowles) with me some time. I will show him some things. If one goes in after five o'clock, one will find that he will have a hard time to get a seat to get a drink.

Mr. Knowles: Is this the story of Daniel in the lions' den?

Mr. McIvor: I would suggest that in 1953 in Canada $868 million was spent for alcoholic beverages and for tobacco, $465 million. I think anybody would agree with me that anyone who uses those things, even moderately, and on which he spends his loose cash, does not find that they do him much good. Here we have $1,333 million spent for things that do not bring any material result or mental health and do not supply any requirement of the individual. What do the C.C.F. say about that $1,333 million? That is more than is spent on schools in Canada. Yet it is said that the country is going to the bowwows. If it is, it is not because of the dominion government.

As I said, I commend the Minister of Finance for his royal commission. I would suggest to him that all phases of our economic system be thoroughly examined. I would also suggest that local mayors and councillors be considered. I think consideration should be given to the suggestion made by the hon. member for Spadina (Mr. Croll) with reference to the guaranteed annual wage and also to the suggestion made by the hon. member for Vancouver South (Mr. Philpott) to the effect that military training be set up in the fall of each year. But I would say that it absolutely must not be done by way of conscription. It must be on a voluntary basis.

I know that our major problem is unemployment. I think we have no right to be pessimistic at the present time because of the fact of the dominion-provincial conference which is now meeting and tackling this job. Notwithstanding what was said by the hon. member who has just taken his seat, I commend the Prime Minister (Mr. St. Laurent) for making the suggestion of paying 50 per cent of the cost of assisting the unemployed. I am sure those who will be spending this money will not give it as a relief handout but that it will be spent to pay decent wages for work done.

I have said before that Fort William led the parade in Canada in showing how to cure unemployment. Unemployment should have been higher there this year than last year

and yet because of the "do it now" campaign there were 800 fewer unemployed in Fort William when I was at home at Easter than there were a year ago. If every city, including Winnipeg, had done the same thing there would be a big hole in the unemployment problem today.

I believe somebody found fault with the United Nations and expressed the view that it was doomed to failure. In my opinion the United Nations is on the right road. When the Great Teacher was asked "who is my neighbour?" He said that it was anyone in need no matter where the individual lived. When the dominion government supports the Colombo plan and sends money to feed hungry people they are getting into the position where, according to the Divine Teacher, they are going to live.

Mr. G. W. McLeod (Okanagan-Revelstoke): Mr. Speaker, in making a few remarks in the budget debate I will try not to become too vociferous or rhetorical, but it comes to my mind that it is over three weeks since the budget was presented and I believe it is generally accepted at the present time that it is pretty well forgotten. That does not speak too well for the budget. However, so far as I am concerned, I believe it was as good a budget as we could expect from a Liberal government working under the outmoded set of fiscal and financial policies by which they are trying to govern the country.

An amendment was introduced by the Conservative party and a subamendment by the C.C.F. In his budget speech our leader advised the house that we would support these amendments on general principles. With respect to the subamendment, the matter of provincial and municipal taxation is certainly a problem. We all know that the only source of revenue for municipalities and school districts is direct land taxes. Such funds should not and cannot be used for welfare payments to unemployed employables. It is also regrettable that there was no plan in the budget for remission of excise taxes on purchases of machinery, equipment and other supplies necessary in the maintenance and operation of community projects and for school purposes. However, in the light of the proposed federal-provincial conference I think we should possibly withhold our criticism. I am sure that the fields of taxation will be the big issue at the conference, and I am satisfied that the provinces will be able to set forth their case for a new deal in taxation better than we are able to do here.

I have followed very closely the speeches of our socialist friends in this debate, and here I should like to comment on the speech of the hon. member for Regina City (Mr. Ellis), who spoke a few minutes ago. He is quite concerned about a program of jobs for all. I am sure we all wish to have the privilege of earning our own living, but I believe that the problem before the government today in the face of mechanized production is rather to devise a plan to distribute the profits earned by the machines and to institute a program to educate our people how to enjoy the life of leisure which will be their lot in the very near future.

The hon. member for Rosetown-Biggar (Mr. Coldwell) discoursed in his usual clear and decisive manner but I noted the absence of any great emphasis on nationalization of industry or banking which was the cry in former years. Could it be that time has a mellowing effect, or is it that he has come to the conclusion that such policies do not appeal to the great majority of the Canadian people? I have noticed a new phrase creeping into the speeches of the various members of the C.C.F. group—public investment. Just what is meant by this phrase? It could be investment in public buildings, in roads and bridges, in hospitals or it could be in industry. Possibly as the days pass we shall have an explanation of this new phrase, but I venture to predict there will be as many definitions as there will be C.C.F. speakers. I make this prediction on the basis of what has been happening in the discussions of various matters before the house, especially in relation to foreign affairs. I am afraid the C.C.F. is not a very happy family. By the way, Mr. Speaker, do you know what "C.C.F." stands for? It is supposed to mean "Co-operative Commonwealth Federation", but I would say that today these letters stand for confusion, chaos and frustration.

I had expected to learn much from our Conservative friends. The hon. member for Greenwood (Mr. Macdonnell) has again proven that he is a master critic. In a very long speech he poured forth criticism after criticism, expressing great alarm over deficit budgeting. We know the hon. member is a great exponent of sound money and sees inflation around every corner. Note these words of his as found on page 2947 of *Hansard* of April 19:

> Deficits mean higher purchasing power with a tendency toward higher prices.

Again at page 2948 he said:

> Is the government so bankrupt that in the face of difficulties that we all know we are facing now its only expedient is the old-fashioned one of debasing the currency?

That sounds like the talk we heard in the old days of the gold standard, but now when our money is backed only by the production

of our people his thinking might be revised. When we have an annual wealth production of $24 billion compared with a gross national income of some $18 billion, there is a wide gap to bridge before we need to worry about inflation or debasing the currency. I should also like to refer to what another Conservative had to say. As found at page 3009 of *Hansard* of April 20, the hon. member for Broadview (Mr. Hees) said:

> A temporary deficit in my opinion would be well worth while if, by so doing, trade were stimulated and there was a stimulation of production to the point where in the near future it would be greater than it is at the present time.

I should like to know which is the Conservative viewpoint. I should think the national organizer of the once great Conservative party and the recognized financial critic would get together. I thought the hon. member for Broadview made a very good speech up to a point. I am sorry to say, however, that there are a couple of pages in *Hansard* containing the worst drivel I have heard since coming to this House of Commons. It is difficult to realize that these words were spoken by the very great national leader who is destined to lead the Conservative party from oblivion.

I cannot let the opportunity pass without referring to the speech of our leader, the hon. member for Peace River (Mr. Low). He gave a very clear outline of the reaction of the Social Credit group to the budget, and where there was criticism there were suggestions concerning remedial measures. In other words there was constructive criticism. We in this group are behind him 100 per cent. I shall endeavour to present a few more of our views. The hon. member for Peace River mentioned that the injection in the arm for industry contained milk, but in so far as the farm industry is concerned I would say it was rather blue milk. Listen to this quotation from page 2738 of *Hansard* dealing with tariffs:

> A number of the reductions will benefit farmers, directly or indirectly. They include reduction or elimination of tariffs on brooders for farm animals, certain components of feedstuffs, sweet potato seedlings—

That is the part that amuses me.

> —poultry eviscerating equipment, and others.

I wonder how many cents this will save the average Canadian farmer. I doubt if it will offset the increase in the tariff on ethylene glycol now so commonly used. I was glad to hear that the tariff on potatoes is to be referred to the tariff board. I would have liked to see fruits and vegetables included. However, one thing at a time is pretty good for the Liberals.

I should like to say how closely I studied the speech of the hon. member for Spadina (Mr. Croll) concerning the annual wage, which is a problem that must be faced. Working men will insist on a steady income, and this is their right. The Social Credit group has always advocated a continuity of income. Is the annual wage the answer? We doubt it. We are not saying it is impossible, but many problems exist. In order to satisfy all our people under present conditions there would have to be full employment. Is this going to be possible under normal peacetime conditions and with automation only in its infancy? You may say that manual labour must share in the profits of the machine and to a great extent that is true, but a machine also incurs some expenses in its operation. Then, too, other countries in the world might not have an annual wage plan, so what about price competition?

Some people believe we are now pricing ourselves out of world markets. Could industry pay annual wages to a large percentage of employees and still keep prices competitive? These are questions we must ask ourselves and for which answers must be found. Is one year's severance pay a sufficient guarantee to a worker in the face of total or near total mechanization of industry? I believe the answer must be no. If the annual wage is forced on industry it will wreck our entire economy. In that event we would have to subsidize industry to keep up our production in the face of foreign competition, or build an impassable tariff wall around our nation.

We believe there is a better way. We believe our Canadian people are entitled to the security of a steady income. We believe the Canadian economy, with its high standard of production and with our vast national wealth, can supply each Canadian citizen with sufficient income to enjoy a high standard of living. But we believe it should be done by the national dividend system, bringing up the earnings of labourers to the level our economy can afford. I realize, Mr. Speaker, that this is one of the biggest problems facing industry and the government today. I would suggest that each member of this house carefully study the whole question, free from the bias of political thinking.

In my opinion the most noteworthy item in the whole budget is the notice of a plan to establish a royal commission to study our economy. I do not like that word "royal", it sounds too much like a judicial inquiry. The Social Credit group has advocated a board similar to this ever since our policies were first enunciated. We are not satisfied

with the duties of this commission as set forth by the minister on page 2740 of *Hansard*. He said:

> The government intends, therefore, to appoint a royal commission with instructions to look ahead and examine carefully our future economic prospects. The sort of study we have in mind would include probable developments both in our productive capacity and in our external markets. It would include an examination of our population growth in both its regional and age distribution aspects. It would assemble information and speculate thoughtfully about the magnitude and nature of our future requirements for the great varieties of physical amenities which contribute to a steadily rising level of well-being.

I take it, Mr. Speaker, that is what is commonly spoken of as the terms of reference. Within the limits of those terms the commission or board would function. In speaking of the results the minister said on page 2741 of *Hansard*:

> I think the work of this royal commission will do several things. It will focus public attention, here and abroad, in a rather specific and detailed way on our prospects. It will gather together the considerable amount of material already in existence, but scattered in many different places, that throws light on these problems.

The first result mentioned was that it would focus public attention here and abroad. Since the minister placed that result first it must have been the most important one the minister hoped to achieve through the working of this commission. I feel that is a secondary result. The other results are more important. The fourth result the minister mentioned was as follows:

> It will sharpen our understanding of some of the problems we face, and will provide useful guides to governments and businessmen, and to leaders in all walks of life, in making plans and policies for the future.

Of course the terms of reference are indefinite and quite vague, and just what this commission will study is possibly something to be decided in the future. However, I should like to lay before the house what we believe should be included in the terms of reference, or some of the conditions under which this board should be set up.

In the first place, we believe it should be permanent. It should consist of top level economists, scientists, engineers, all versed in industrial development, production and distribution, in international trade, international fiscal policy, finance and agriculture. Of course representatives of labour and management would have to be included. The terms of reference must be limited only by the knowledge required by the government in administering the affairs of the people of Canada in the best interests of each individual.

At the present time it is pretty well admitted that the greatest problems of production, so far as supplying the needs of our own people are concerned, have been solved. We can produce plenty for our own consumption, but our problems in meeting competition in world markets are many. These will be for the board to study so they may report to the interested parties.

It is generally agreed that the main problem today is distribution rather than production. We have so-called surpluses, yet we know there is a potential demand for many of those surpluses right here in Canada. We also know that every dollar's worth of goods piled in our warehouses is sorely needed in many parts of the world. Why do we have unsold goods when the need is so great? That, it seems to me, is a problem that could be considered by such a board.

We Social Crediters believe we have the answer. We believe that whatever we can produce from our natural resources, plus the labour and know-how of our people, can and must be distributed to meet the demands of our people, by maintaining a proper balance between the purchasing power in their hands and the cost of the goods and services they require. We feel there is need for such a board as is recommended to work out the details and mechanics of the problem, and to advise the government accordingly.

The first problem of such a board would be to study the breakdown of our system of distribution. I am sure its findings would be similar to those of the commission set up in the United States in the early thirties. This was known as the Hoover commission, and its purpose was to study the problems of production and consumption. When this study had been completed Mr. Loeb, who was director of the national survey of potential productive capacity, along with his associates Felix Frazer, Graham Montgomery, Walter Polakov, William Smith and Montgomery Schuyler, published a book entitled "The Chart of Plenty". From this book I should like to read what appears at page 78:

> At present, production is curtailed to meet a grossly inadequate buying power.

We have a similar state of affairs in this country right at the present time. Our production is curtailed to meet a grossly inadequate buying power. Factories are being forced to close down or to curtail production, thus causing unemployment and further decreasing our purchasing power.

Then at page 161 we find this statement by these noted economists:

> It apparently takes about two-thirds of our workers, and an even smaller utilization of plant, to provide mere sustenance for our whole people.

By using all our available workers and operating the existing plant efficiently, a comfortable living for everyone would be provided.

I wish the government well in the formation of this commission, and trust they will secure the best brains available, regardless of political affiliation or expediency; and I trust that when the findings are made known every effort will be made to shape our economy to best serve the needs of the Canadian people. If this is done I am sure the finding will be as is set out in this paragraph from the same book:

It would seem that the simple and obvious way out, that of giving a buying power adequate to procure desired goods and services to the limit of our ability to produce them, might well be tried. It is simple in principle but has not been attempted.

Mr. Speaker, that is what those of us in the Social Credit group have been advocating on different occasions both in the house and throughout the country. It is just the old Social Credit philosophy that the buying power in the hands of the people must be sufficient for them to purchase the needed goods and services with which they may enjoy life.

Then there are one or two other points I have noted in the budget, concerning which I should like to give the government credit. There is mention of the huge sums spent on various surveys and studies in government laboratories across the country. Those of us who last year were permitted to visit the laboratories on the Montreal road will agree that science is doing much to help industry promote a better way of life in Canada. Then some were able to visit the laboratory operated by the Department of National Health and Welfare, and I cannot commend too highly the work being undertaken by that department in promoting a better way of life and a healthier life for the people of Canada.

One may talk about unemployment, or about what the government should do, or what must be done; but I am satisfied that if the one plan were instituted, that of making financially possible what is physically possible, many of our problems would disappear.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, one cannot help commenting on the remarks of the hon. member who has just taken his seat, who said that others who might be more expert and more learned have had their speeches described as drivel. Then the hon. member proceeded to say, very definitely, that the Social Credit group has the answer to our problems. Well, this would seem to be a clear case of undue modesty. I thought, however, that words he used later, when he referred to that old Social Credit philosophy, were somewhat more appropriate.

It would seem that the theme of the budget offered this year by the Minister of Finance is a gross national product of $25,250 million. Indeed even the more optimistic gauge of $26 billion was given. I for one am in agreement with the optimistic forecast of the business picture for this year. The Minister of Finance referred to our dependence on the United States economy, a condition which I believe is recognized by most hon. members. In fact there are many who hold the view that this dependence has taken on alarming proportions.

However, in signifying my agreement with the optimistic outlook for this year I would refer to the issue of *Fortune* for January, 1955, where in the first article for the new year this magazine sets out a comprehensive business round-up of the financial picture in the United States. This article was most enlightening, and after reading it one could almost suggest that the minister got his budget suggestions from it. The first sentence of this article which bears the heading "Best Year Ever" states:

The year 1955 will be the best in U.S. history, barring war. By the end of 1954 the business upturn had burgeoned into a full fledged recovery. Roundup's forecast now is that business will continue to improve at least through the second quarter of 1956.

With this quotation from a reliable United States publication, I think my agreement with the gross national product estimate for this year can be readily understood. The question that follows from this gross national product estimate, Mr. Speaker, is naturally how one's particular area will share in this expected increase. In presenting a comprehensive survey of the coal mining industry the other evening, the hon. member for Cape Breton South (Mr. Gillis) suggested he did not feel the maritime areas would share to any great extent in this gross national product increase. I am sorry to say that I cannot go along with his statement, because for once we can report considerable progress in the past year, and an optimistic future is evident with perhaps certain reservations.

In New Brunswick the picture is particularly good for this year. I should like to try and develop the theme that our capital expenditures and other investments for the year have taken a commendable jump, and to my mind this means only that if these optimistic signs and trends can be continued and the mood that is now evident is given some assistance we shall be able, as someone has suggested, to pick ourselves up by our own bootstraps.

The article that is most pleasing to me in this regard is entitled "Supplement to Private

and Public Investment in Canada, Outlook 1955, Regional Estimates." This is published by the Department of Trade and Commerce and deals with all the provinces, Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, in that order, giving the total capital expenditures and the percentage change.

The percentage change is what I am particularly referring to now. The change from 1953 to 1954 is given in the total, and from 1954 to 1955. The figures which I would like to place on *Hansard* show that in New Brunswick in the last two years we have had the highest increase in total capital expenditures of any province in Canada.

It is perhaps something new to say that a small province like ours is able to be so forward looking in this regard. The figures for 1953 showed a 7·9 per cent increase, and this year we lead again with a 27·7 per cent increase. The capital expenditures shown for each province represent the value of the construction work carried out in the province and the value of the machinery and equipment acquired for use within it. Such expenditures represent gross additions to the capital stock of the province and are a reflection of economic activity in that area.

Having said that, Mr. Speaker, and having particular reference to the economic activity in the area, I should like to refer briefly to the local situation in Saint John. Last year I had occasion to be pessimistic about the situation there; but while I would not wish to go on record as saying that everything is perfect, there are some better signs. Again I attach the reservation to those good signs that certain assistance and encouragement must be given; but to me, Mr. Speaker, they do suggest that there is a mood of growing optimism, a mood that must be taken advantage of immediately.

The port situation is much better. Trade during the past winter season reached a much better level. Grain was moving again, and we felt this general economic increase. The unemployment picture was also somewhat better. It is not good, but some 800 fewer men were unemployed each week during the winter as compared with the corresponding week of the previous year. One worry, though, that I should like to mention concerns the future of some of the war contracts in our area. The local drydock, which is largely dependent on naval contracts, cannot make plans for the future because of this hackneyed, politics-ridden manner of handing out those patronage plums. For example, officials of the drydock, which is mainly engaged in naval construction work, must come to Ottawa every two or three months on their hands and knees, develop the local situation, emphasize the unemployment and general economic chaos that will result if they are not given work; and if they are good, and I suppose if they conform to other standards, they are given another contract that will last for another two or three months. Mr. Speaker, I say here, surely it should be possible to line up for the entire year the necessary plans in the defence production department.

The other day I was interested in hearing the hon. member for Simcoe North (Mr. Ferguson) refer to an overseas trip he took during the past winter. He left from the noble port of Saint John, and I was privileged to wish him bon voyage. Whether it was necessary or not he made the mistake of coming back by the port of Halifax. The hon. member for Simcoe North is a very discerning traveller, and while he made note of the good facilities and conditions in Saint John as he passed through that port, he could not help but comment—in fact he felt he was obliged to comment—on conditions in the port of Halifax as regards customs and immigration, which held him up for long hours and caused him to stand in the cold and reach Montreal in a state of sheer exhaustion.

I wish to say one thing on that point, Mr. Speaker. In Saint John we are grateful for the fact that right after the war we built a $1,500,000 immigration shed that is one of the finest in the world. There is no question about it. It was built to handle at least a hundred immigrants a day. It was designed for that, and we were pleased when that new immigration shed was built with plans in mind for the future. But, Mr. Speaker, I take exception to the fact that this shed has not been used at all to the extent that was planned.

The other day I had occasion to ask in this house for the total of all immigrants landed since January 1, 1950, at Saint John, at Halifax and at other ports. I have the figures here, Mr. Speaker, and I should like to read them. Since 1950, 21,582 immigrants have passed through Saint John; through the port of Halifax, with the facilities that the hon. member found thoroughly inadequate and not properly managed, 292,632 immigrants have passed. What is the reason and logic behind that method of doing business in our country?

Having said that the economy in the province of New Brunswick is taking on an optimistic look, and having quoted figures that show we wish to help ourselves and that

we are digging down and finding the money—which is hard to come by in the so-called have-not provinces—having said that we are digging down and making that effort, I wish to refer to the fact that in the budget very little consideration is given to the development, both financial and industrial, that is needed in the province.

The Minister of Finance refers on page 2730 of *Hansard* to the second important ingredient, that is the second important consideration in the budget:

> The second important ingredient of further expansion exists in the program for the construction of new capital facilities.

He goes on to stress this point, but no mention is made of any assistance or any new help to be given to the province. These two ingredients are important in the budget. The picture in the United States is stressed by the Minister of Finance as being of first importance. I agree with him 100 per cent. The second ingredient he mentioned is this expansion program that is needed for new capital facilities. I agree with him 100 per cent in that respect. But from there on I am sorry to say I part company with him because of the fact that the financial status of the provinces and the demands which they have to meet have not even been recognized in the budget.

May I refer to an article in the Halifax *Chronicle-Herald* of February 18, 1955, entitled "Low-Cost Power" by Eric Dennis. I quote:

> In introducing a bill in the House of Commons a few days ago for federal control over the use of international rivers for hydro purposes, the trade and commerce minister, C. D. Howe said: ". . . In fact, our industrial economy is largely built on low-cost electricity."
>
> This fact, set out by the man who has guided Canada's economic development since the war years, pinpoints the troubles that have beset the maritime provinces over the period of many decades to a steadily increasing degree.

During the past war, when the various defence contracts were handed out to the different areas of Canada for the necessary war effort, we felt that down our way at last we would be given our just due, and that the encouragement that would follow these government-assisted industries would be welcome and noticeable. May I quote from a very interesting article called "The Economic Effects of the War on the Maritime Provinces of Canada" published by the institute of public affairs, Dalhousie University, written by one of our famous native sons, of whom we have many.

To digress a minute, it was interesting to me to put in a brief appearance at the conference yesterday of dominion and provincial ministers. Everyone was a little timid about going in at first and being recognized or seeing people, but one certainly was at ease as far as the maritimers were concerned, because you were falling all over provincial premiers and ministers from the maritimes.

To get back to "The Economic Effects of the War", I quote again, and I think this is the last time I shall be quoting. This was an economic survey made toward the end of the war on the entire maritime economy, with particular reference to defence contracts and the increase in industry that could be expected after the war by the maritimes. This is on page 13:

> Thus, whereas the central provinces have achieved a great expansion in their industrial equipment and capacity as a result of the war, the maritimes have had little expansion of a permanent nature in their industrial equipment. The effects of this on the internal balance of industry will presumably be to increase the concentration of manufacturing industry in Canada and the general location advantages enjoyed by industries in the central provinces. Although no one can complain of this, for it was essential in wartime to develop war industry on the most suitable sites regardless of regional politics, it nevertheless is a probable consequence that the economic and political weight of the maritime provinces will be even less in the post-war than the pre-war period.

Having read reports like that and having realized the situation; having been told when we went after these defence contracts that we could not have them because we did not have the hydroelectric power available, we made long-range plans for the development of hydro in the maritimes and particularly in New Brunswick. I refer again to the minister's statement of the absolute necessity, in this day of quick development in Canada, for the ready availability of cheap hydroelectric power.

We have in New Brunswick a large amount of undeveloped natural power in our rivers. The situation began to take form in 1945 under the Liberal government then in power in the province. They made initial moves to correct this situation, and I wish that credit be given to them in this regard. They did not perhaps carry it through but, when the change of government came in that province in 1952—I remember the red letter day very well, September 22, 1952—our young, energetic, new government tackled this matter of the undeveloped hydro sites in New Brunswick with a businesslike, farsighted approach. They did not play politics with it either. When they introduced the initial motion in the house they appealed to the Liberal party who were then and still are in opposition; and there is a chance here to say that it may be some time before this situation is changed again. The Liberal opposition, in all fairness to them, joined the premier and government of that province in

a joint appeal to the federal government for certain assistance to enable us to finance the development of our rivers at a low rate of interest.

This situation developed, and I wish to say that at all points it was handled by the provincial and federal governments in a most businesslike manner. That I personally cannot object to. When it reached here, I am pleased to say that the Minister of Labour called a meeting in his office of all the federal New Brunswick members of both parties. He had maps and experts on hand, and we had a very careful and frank discussion of this future problem. I am pleased to say that all the members and the senators who were there showed acquiescence in this plan in various ways and in various degrees.

The situation developed in the last year in a peculiar manner. While I have some of the correspondence and records that I wish to place before this house, I notice that there is a motion to produce certain papers which probably will disclose a great many of the facts with which I would have to deal. So, Mr. Speaker, if I may, I should like to bring this situation up to date, to a few days ago when evidently the provincial government were given word, by letter or by some other method, that the federal government had decided, after two years of playing around with it and giving all encouragement, that it would not be possible to financially assist the province of New Brunswick in any manner in this development of our resources that is so greatly needed to finish the program we have so optimistically started down there.

Here is the thing that amuses me about the whole matter. It concerns the federal aspect of it, which is really all I feel responsible for. The Minister of Labour, our representative in the federal government, who seemingly took an interest in this matter and followed it along, instead of making some sort of announcement in the house, took occasion in a radio broadcast over a local station to say that financial help to Beechwood was not possible because of the constitution.

Mr. Speaker, any other reason would have stood up to some extent; but to fall back on that argument and say that the refusal is because of the constitution seems to me amusing. The fact that the announcement was made in a radio broadcast to my mind suggests that the situation was not treated nearly as seriously as it should have been.

There is one other matter to which I wish to refer, namely the attitude of the federal Liberal members of parliament who represent New Brunswick. They acquiesced in this proposal. They signified their approval of the Beechwood plan. But what have we heard from them in this house in this regard? We have heard absolutely nothing from them, Mr. Speaker, and I challenge them here now.

I see the hon. member for Gloucester (Mr. Robichaud) over there on the opposite side. He made one brief reference to it in the debate on the speech from the throne. But I now say to him, to the hon. member for Westmorland (Mr. Murphy) and anybody else, that they should take the opportunity in this budget debate to get to their feet and let us know what they think about this plan. I will state this further. If the Minister of Labour does not get to his feet in this house during the budget debate or at some other favourable opportunity and make a statement on this matter, in my opinion he has not treated this serious problem in New Brunswick with the respect and dignity with which it should be treated.

Just to follow this matter up, Mr. Speaker, I should like to dwell on the national aspect of this financial assistance plan that we are after. We have had the gas pipe line up for consideration at various times. It was mentioned only in an insignificant way perhaps this year, but in other years it has been considered. It is of considerable importance to Canada. Nobody at all takes exception to it. We in the maritimes have always appreciated any of these problems that have a national aspect. Being a member of the Conservative party I certainly am aware of the national policy that is necessary for the development of this country. But, Mr. Speaker, I suggest that we should be given some financial assistance along this same line.

At the time the pipe-line proposal was turned down, perhaps temporarily, it was said that the problem of assistance to New Brunswick for hydroelectric development was one thing that would have caused trouble. Where is the trouble there? We are asking for some financial assistance such as has been given to every other area of this country in some way or other. How about the St. Lawrence seaway? Is that project any different from another natural resource development?

In our province we are not going to benefit one bit from the St. Lawrence seaway, if I can say that in such a narrow way. It is going to take business farther inland. There is no question of the ports of the maritimes being assisted in any way. Yet we do not take any narrow point of view. We see that it is for our national development. The only point of view I take—and I digress a moment in connection with the seaway—is that we be given some information on it.

When this hydroelectric development plan was presented to the legislature in New Brunswick for the first time, a blackboard with the entire story was brought onto the floor of the legislature, all details were carefully gone into and it was explained fully. As this St. Lawrence seaway develops, and as changes are being made, I suggest that some method be devised by means of which all members can be completely informed about the whole business, instead of being given some coloured book on the St. Lawrence seaway authority or being asked to pass in the estimates some amount of $1 million or so and being told to question it. How can you question it? How can you find out anything about it?

There again I am getting away from our problem. I refer to the St. Lawrence seaway. I refer to the pipe line. I refer particularly to one other matter that I put in the same category, namely atomic power development in the country. When plans were lined up and we realized, perhaps a few years ahead of time, that there was some hope for nuclear development of power we in the maritimes—New Brunswick and Nova Scotia—naturally felt that we would be given the first choice. Here was the area in Canada that everybody said he wanted to help. Here was the area that had the labour, that had the initiative and that had everything except the power. We were told that on many occasions. But what happens when atomic energy comes around the corner? What do the central provinces do? By some devious method they either hinder our chance to take part in this development, or they completely exclude us from it.

Again there is an amusing and ironical element about the matter. They had edged us and coached us along. It is discouraging to see the way in which Nova Scotia, in their bid for hydroelectric power, was encouraged along. It had the first application in. It was told by the Minister of Trade and Commerce at various times that it was being considered; it was given to understand that its application was first, or No. 1. But what happened? There again it went to industry in central Canada. With those three thoughts I leave this story.

In closing I should simply like to review what I have said today. I first of all pointed out that I am in hearty agreement with the optimistic view of the Minister of Finance in budgeting for a gross national product of $25¼ billion and the further opinion that we may reach $26 billion. I think he deserves considerable credit for taking this optimistic point of view.

I followed along by saying that in New Brunswick things are beginning to move. We definitely have a good optimistic mood down there now. We have a new government. They have tackled our economic problems in a sensible way. We have invested in ourselves, Mr. Speaker. That is something which a great many of the other areas of Canada cannot say. We have led in that investment in ourselves in the last few years, and I put the figures on the record for everyone to see.

While this is good, and while there is a future, I went on to say that we must take advantage of it and that we must roll along, because these things come only once in a lifetime. We were hopeful that the budget would provide some sort of regional financial assistance to the provinces, but there was nothing in it.

We must have power, Mr. Speaker, to develop our industries. We must have power to take advantage of the money we have invested in our province. Power for our new mining industries can only be developed by money lent to us by the federal government at a low rate of interest. The province of New Brunswick could go out tomorrow and borrow money on any market in the world, but we would have to pay around 5 per cent for it. Hydroelectric power developed on that basis is not good enough, in view of the higher costs involved in maintaining industry.

We came to Ottawa in a non-political, non-partisan, businesslike way. We thought we were being treated fairly, but what happened? We were given a complete run-around, in my opinion, and I am sure the hon. member for Royal (Mr. Brooks) and the hon. member for Victoria-Carleton (Mr. Montgomery) will join me when I challenge other members from the province who have not spoken on this matter to get up on their feet and tell us what they think about it.

Finally, Mr. Speaker, I should like to refer to a statement made by the premier of the province when dealing with the motion to proceed with the Beechwood project on our own. In spite of the financial obstacles, our young members in the legislature have a clear, optimistic view of the project. These were the closing words of the premier's speech, delivered on March 25, 1955:

> The construction of Beechwood is a major undertaking and I want to make it clear that it is only being undertaken and able to be undertaken because the credit of the province under this administration is sound enough to allow construction to go ahead. We have offered everyone concerned a chance to share in this great enterprise but the fact remains that the province, under the leadership of this government, must now undertake it upon its own resources. That fact should not be forgotten when the record of this government is considered by future generations.

We are very hopeful about our future. We hope our proposal will still be considered, and that some official formal announcement will yet be made in this house. We all agree that the maritime economic council established a couple of years ago, a dream of the late Angus L. Macdonald, will have far-reaching effects on our economy. This council, which is to consider our industrial and financial development and present proposals in a united way for the first time, has a motto which expresses the hope that the maritimes will be a better part of a better Canada.

Mr. N. A. Matheson (Queens): Mr. Speaker, this is the first time I have spoken in the house since I was elected in 1953. I understand it is customary for members making their first speech to deal with matters pertaining specifically to their own constituencies. I want to talk about several phases of our economy in Prince Edward Island and tell you something about the excellent standards we have achieved in our primary products. I also want to say to the house that, although we are small in size, we have achieved top rank in the production of some of the very best products of this great country.

Before I go into that, may I make a general observation. I have noted with some concern a tendency toward sectionalism on the part of some in this chamber in their approach to problems that affect all of us as Canadians. I call this a great country, but how can it be great unless we, as elected representatives of the people, are broad-minded enough to have the interests of all the people at heart?

I know that the problems of my province do not directly affect many people in other parts of Canada. You have problems that do not affect my people, but all these problems affect the economy of Canada. Therefore, to that extent at least, I think all of us should have mutual interests. For example, I hear spokesmen for farm groups saying the farmers are not getting a fair deal and their rightful share of the national income. They protest that we do not appreciate the position of the farmer, his value in the national economy and his worth. I use the farm spokesmen merely as an example. I could have referred to any one of a number of other groups.

I am going to tell you something about the farming achievements of Prince Edward Island, but before I do so may I suggest that if some hon. members do not appreciate the farmers' problems it may well be the fault of those members who are the spokesmen for areas where farming is the dominant factor. It may be we have failed to explain the farmers' position and paint a true picture of his worth. We know that Canada needs a strong and growing agricultural economy, but have we made our urban friends aware of that fact?

Nobody is more conscious of some of the agricultural problems than I am. I know that many city folk fail to realize these problems. But I am not going to try to win the support of my urban friends by kicking them in the shins. I am not going to try to win their friendship and understanding by antagonizing them. I do not believe in carrying a chip on my shoulder when I am trying to sell my ideas to others.

May I, therefore, make this observation directed specifically to people in the city areas. Do not forget that you need the farmer. What would you and your families eat if he did not grow the foodstuffs that stock your great supermarkets? Do not forget that he often produces this food at a loss, or at a price that does not give him a working profit. Remember also that in producing the food he has to sell it at the price that somebody else wants to pay. Imagine a lawyer taking what his client wants to pay instead of the set fee which he demands and gets as his right. Imagine a merchant selling groceries, or clothing, or hardware or any other commodity for what the customer wanted to pay.

Before some of my city friends start throwing missiles at me, let me add that the farmer needs the city people just as much as they need him. If it were not for our great metropolitan centres, our smaller cities and towns, where would the farmer sell his products? I am not a farmer. I am a newspaperman, but I do own a small farm and live in the country. In that way I have kept closely in touch with the problems of the farmer.

If I may digress for a moment, I may say that for ten years I sat in the press gallery of our provincial legislature. I would feel much more at home in the press gallery here now than I do making my first speech in this chamber.

I speak of agricultural problems first because agriculture is the dominant factor in our provincial economy. My riding includes Charlottetown, our capital city and our largest centre. Therefore a large portion of my constituents are urban people. I have lived and worked among them for many years. But because we have no industries, as most of you understand the term, we depend for the most part on agriculture. We also have our fishing industry and our tourist business. Both of them are very important. I am not unmindful of the problems of city people

because I have lived and worked among them for 20 years. In fact recently at home I have been in closer touch with urban groups than I have been with the farm people, and I have tried to keep in close touch with them throughout the years.

One problem causing concern in our area now is the potato trade between our country and the United States. As many of you probably know, we work on a quota basis. We are allowed to ship into the United States—I say "we" but it is mostly New Brunswick and Prince Edward Island that fill the quota—2·5 million bushels of seed potatoes and 1 million bushels as table stock. There is a rider to the agreement, which is based on the total volume of the United States crop, which sometimes gives us the opportunity of shipping an extra amount of table stock. But even under the quota we pay a duty of 37·5 cents per hundred pounds, and for amounts above the quota we pay 75 cents per hundred pounds.

Some years ago the United States was given permission to ship potatoes into our country duty free. There is one exception which I should mention, and I believe that refers to about one month during the summer when protection is afforded to the growers in the southern Ontario peninsula. With that one exception I do not think United States shippers pay any duty at all on potatoes shipped into this country.

A few months ago potatoes were rolling across the border from Maine in such a volume that both growers and shippers in my province and New Brunswick viewed the problem with grave concern. The matter was brought to the attention of the responsible people here, and I was glad to hear the Minister of Finance say in his budget speech that it will be turned over to the tariff board for their consideration. I know that tariffs are a difficult and complicated problem, but I hope the board can find some solution for our particular difficulty.

The potato situation at home right now is good. Some two or three weeks ago the price soared to $3.20 a bushel, that is the price to the farmer. It is somewhat less now, but it is still good. However, sudden price fluctuations are bad for any industry. The potato industry is no exception. At their peak they cause terrifically high prices to the consumer, and therefore discourage consumption. They are often likely to cause very heavy planting the following year. The results are sometimes chaotic and at times even disastrous.

But potato growing is only one phase of our farming program. I want to tell you something about our Yorkshire hogs. We have developed a special bacon type. The Canadian Press had a story last week concerning a new type of bacon hog that is being developed at the experimental farm at Lacombe, Alberta. The story says, in part, that they aim at faster maturing animals with more vigour. The dams are good mothers, the story says. The young pigs are bigger. It sounds like the sort of thing we have been developing for 30 years in our island Yorkshires. This is a big statement to make, but I am going to make it. We have the best bacon hog in this country. Here is the proof. It is from an official publication, and if anyone wants to check it, it is the *Livestock Market Review*, published by the marketing information section of the marketing service, Department of Agriculture, Ottawa, Canada.

This information appears on page 87 and is given in some detail, but I have summarized it to save time. You will find that in 1953 our island breeders had 51·3 per cent grade A or the top grade it is possible to produce in bacon hogs. Nova Scotia had 43·1 per cent and New Brunswick 38·1 per cent. The others were far behind. Last year Prince Edward Island had 53·6 per cent. Alberta was lowest with 18·2 per cent. The results for the other three years were the same. Our province was well ahead. In 1951 we had 53·1 per cent in the top grade. No other province can touch our record in the production of top grade bacon hogs.

Here is further proof of the excellence of our island Yorkshires and the high value people in other provinces place on them. I am quoting from the Charlottetown newspaper, the *Guardian*, under date of April 22, 1955. The heading is "Demand exceeds supply for famed island Yorkshires". The article reads in part:

> "In the face of recent shipments of Yorkshire breeding stock from this province and in view of the expected requirements, our island breeders are not going to be able to meet outside demand", said Mr. H. W. Clay, senior livestock field man, production branch, federal Department of Agriculture, yesterday.

Mr. Clay is quoting from a letter written by Mr. Longman, deputy minister of agriculture in Alberta, to Mr. Frank Baker, western director of the Canadian industrial council of meat packers. Mr. Baker was in touch with Mr. Clay and the letter states in part —this is Mr. Longman speaking—

> The question is—how can we bring this about? Why is P.E.I. attaining the reputation it has with respect to hogs? . . . An examination of the P.E.I. situation might be extremely profitable to the farmers of Alberta . . . Alberta hog producers must adopt the principles and practices which have brought about the improvement in P.E.I.

That is the end of the quotation from the letter, but the newspaper article continues:

Within recent weeks breeding stock, mostly boars, has gone to the following destinations throughout Canada:

I have listed a few of them. There are Dorchester penitentiary, Grand Falls, Hartland, Harvey Station, and several other places in New Brunswick. There are Czar and Red Deer and Edmonton in Alberta. There are Dunnville, London, Bath, Chatsworth, Hawkestone and Brunner in Ontario. There is Gaspe in Quebec. Mr. Clay has stated that shipments outside the province over the same period of time have never been equalled. In addition to these, he says he is reasonably sure "that a party from Edmonton, Alberta, is coming back to the island in late May to purchase a carload, and only yesterday he received an inquiry from an Alberta farm organization regarding the possibility of procuring young boars". The demand has been so keen, according to Mr. Clay, that "there are practically no young boars available in the province".

This latter story concerns our registered, purebred swine and the demand that exists for them. The previous story concerns animals produced by our commercial breeders. Correlate the two stories and you have the answer to our hog supremacy in producing the type of bacon the discerning Canadian wants on his breakfast plate. The registered breeder of purebred swine furnishes the foundation stock for our top commercial herds. Our purebred swine are kept on a high level by the continuous testing that is done through the medium of advanced registry, under the careful direction of the Department of Agriculture. This is part of the service for which you and I, as Canadians, pay; but in our province we have made a little better use of it than they have elsewhere.

Let me illustrate. The term "carcass score" will not mean much to you unless you are familiar with it. The better the animal, the higher the score. It measures the prolificacy of the dam. It considers the liveability of the young. It measures the rate at which the litter reaches market weight. It checks the amount of feed required to produce a pound of bacon. It takes into account the type and quality of bacon that the test group produce when they go on the rail. The information is used to assess and evaluate the breeding qualities of the sire and the dam, the ability to pass on desirable qualities to their young. Desirable sires and dams are kept for breeding purposes, while the undesirable are destroyed.

[Mr. Matheson.]

It is as simple as the theory of natural selection, but in this case science and practical knowledge are used to speed up and intensify the selective process. I checked through official figures for 1952 and 1953, and I am quoting from a publication of the production service of the Canadian Department of Agriculture. Anyone who is interested can check what I am saying. I checked through the figures for 1952 and 1953. Last year's figures are not immediately available.

In 1952, for example, I found that in the whole of Canada there were only 22 sires that sired litters with scores of 90 or more. A score of 90 is most unusual. Fifteen of the 22 were bred in my province. There were 18 dams with scores of 90 or more. Twelve of them were bred in Prince Edward Island. Of many hundreds of dams tested, only four in all Canada had a score of 95. All of them were from our province. The figures for 1953 are almost equally significant. One animal sired two test litters that scored 95. Our numbers naturally are much smaller than the combined numbers of the other provinces, but we have by far the most top scoring animals, both sires and dams. Our commercial herds carry the blood lines of those outstanding individuals of proven value. It is easy to understand why our bacon grades are so consistently high.

My constituency of Queens is not usually considered a producer of top grade beef cattle, though we do have some top flight animals. But our fat stock show and sale, held this year, brought an average price of 28·88 cents per pound on the hoof. That was the best in eastern Canada. I do not know whether you can beat that in western Canada. My neighbour, Athol Roberts, of Southport, is the president of the organization. All the championship animals in this outstanding show came from my constituency.

I am happy about a new development in our Atlantic provinces. This was referred to by the hon. member for Saint John-Albert (Mr. Bell). It is called the Atlantic provinces development council. It has the blessing of the four Atlantic premiers and their governments, but it is being administered, fostered and financed by industry. I spoke a few days ago to Keith MacKinnon in Charlottetown, our island vice-president of the council. Here is part of what he had to say:

The formation of the Atlantic provinces economic council symbolizes "self help" for maritime business, and the prospect of a new deal for the economic life of maritime citizens.

It symbolizes leadership by the businessmen themselves in appraising their own problems. Through the research and technical facilities available, the idea is to work toward improving the production, marketing, and utilization of goods and services of these provinces by the sea.

The Atlantic provinces have played an important part in the building of Canada. Canada grew westward, and with the development of its vast resources and industries—waterpower, manufacturing, transportation, minerals, oil, gas and pipelines, grain, lumber and livestock—the spotlight has turned away from maritime business.

However, our resources are not depleted. Agriculture, fisheries, minerals, lumber and the untapped natural facilities for a profitable tourist and holiday trade, leave us much with which to prosper.

With this new instrument at our disposal we can put our collective minds to work at the task of finding new ways and bettering old, in making the best use of our resources to bring about that new prosperity that is surely our due.

Our government has made a fine start in economic development in my province. Premier A. W. Matheson and his government will be calling an election very soon. Their return is assured. They have the confidence of the people as no other administration has had for some time. They have earned that confidence.

Earlier this year Premier Matheson announced a program of industrial development designed to assist fishing and agriculture. It will also assist the urban people by providing employment. The government set up a fund to assist such development. Already one reasonably large processing plant is being organized. There is a possibility of a very large one coming into the province in the near future. Foods grown on the island will be processed on the island. This sort of thing could make a great difference; it could be a great boon to our economic development. For years they talked about rural electrification in our province. Premier Matheson set the plan in motion. I might say in passing that the premier is no relation of mine.

I have to strike one sour note at this stage. It concerns an important industry that was started two years ago in Charlottetown by two very fine young men. They produce Perfection brand condensed milk. It is a splendid product, which can compete in quality with any similar product produced anywhere. It has been doing that very successfully. Right now, however, the product is faced with a price-cutting campaign by a very large and very powerful company that has been selling condensed milk for many years.

The development of this plant has meant a good deal to our agriculture and to our economy in general. Further development of this local industry could mean even more. I do not know just how serious the threat to the Perfection people may be, but it is another example of how some of the big firms will try to squeeze out competition to maintain the monopoly they invariably seem so anxious to have.

I said that our fishing industry is important. Our lobster fishermen are now preparing for the opening of the 1955 season. Theirs is a difficult task. They are hardy and fearless men, these fishermen who brave the storms and the turbulent seas to wrest their living from the deep. They have come through many adversities. They have persevered in the face of discouragement and disaster. They deserve happier days. I am glad to note that there has been some improvement. New and modern processing plants make for a better product, and an increase in consumption should be the result.

I congratulate the Department of Fisheries upon the splendid advertising job they are doing through their fish kitchen in the west block. I recently attended a dinner there, at which my friend the parliamentary assistant to the Minister of Fisheries was host. The meals they serve are attractive and delicious. If we could have fish served in our commercial eating establishments as it is served there we would have no worries about a market. We would eat our fish right here in our own country. Like all islanders I am very modest, but our island lobsters rank with the best anywhere in the world. The fame of our oysters has spread far and wide. We have other fish products that tempt the appetite of the discerning diner.

About a year ago I asked a question of my good friend the Minister of Public Works (Mr. Winters). It concerned the calling of tenders for a new federal building in Charlottetown. I remember the shouts of derision from across the way. They were good-natured shouts, but they indicated that nothing would be done. The minister indicated tenders would be called by the 1st of June. Work is progressing favourably, and the builders tell me the steel work will be completed the first week in May. I thank the minister and his departmental officials for their co-operation in several matters relating to this project. A modification of plans meant that work could proceed during the early months of the year, which meant employment for a number of people who otherwise would have been idle.

We talked for some time this session about unemployment. We talk of a "shelf of public works" to provide work. I shall welcome any work that is useful, but major projects do not provide nearly as much work now as they did in the past. Our federal building property covers half a city block. The site had to be cleared, and a huge excavation job was necessary. Before the development of today's power machinery it would have provided work for several hundred men for perhaps six months or more. The job was

done in six weeks by a handful of men and some powerful machinery. This is a sample of modern efficiency, but I sometimes wonder just how far this development can go. One cannot make progress by turning back the hands of the clock, but the shimmering glimpses of future trends are sometimes cause for concern.

My thanks are due the Minister of Transport (Mr. Marler) and his officials for their very splendid co-operation in the planning of a new car ferry between Wood Island in my constituency and Caribou, Nova Scotia. I have also received the utmost co-operation and courtesy from the members of the Canadian maritime commission and those associated with them. The target for completion of the new boat is the season of 1956. I await with a great deal of anticipation the day when the new ferry will be able to handle the traffic that develops at both ends of the ferry run.

My thanks are due also to the Minister of National Health and Welfare (Mr. Martin), who interrupted his vacation last summer to speak at the 100th anniversary celebration at St. Dunstan's University, just outside Charlottetown. I am glad the genial minister found restful relaxation and wonderful swimming for a few days on the silvery sands and in the stimulating salt water along the north shore of my riding.

I hope many of you will visit Charlottetown this year to participate in its centennial program. The committee in charge have prepared a splendid program of fun and entertainment. In their name I invite you to visit this year the city where Canada was born. It was there in 1864 that the first discussion on confederation was held. There in the very room where the delegates met more than 90 years ago you can see the table around which they sat. The very chairs have been kept through the years. In the old visitors' book you can see the handwriting of Sir John A. Macdonald, who indicated his occupation as a "cabinet maker". It is an exhilarating experience to stand in the confederation chamber and think that here the fathers of confederation held their first momentous meeting. Here the history of our country was shaped.

I have in my room official invitations from the mayor of Charlottetown asking you to visit our beautiful city this coming summer. I shall have them distributed to you in the near future. They are novel and interesting. I hope you will keep them as souvenirs; but I hope you will accept the invitation and come to see us.

A few weeks ago the Canadian Association of Radio and Television Broadcasters honoured posthumously the late Colonel Keith Rogers. They conferred on him an honour given to pioneers of the radio industry. Colonel Rogers was indeed a pioneer in radio broadcasting in the maritimes and indeed in Canada. In honouring Colonel Rogers the C.A.R.T.B. honoured itself. It is interesting to note that a few days ago the governors of the Canadian Broadcasting Corporation also approved a licence application for a television station in my riding. It will be known as CFCY-TV, and will be owned and operated by the estate of the late Colonel Rogers.

Now may I say a personal word of appreciation to my friends in this chamber who normally speak in French. Many of them have spoken in English this year so that we who are not bilingual could understand what they had to say. I deeply appreciate their courtesy. I hope that some day I may be able to converse with them in their language.

I appealed a while ago for sympathetic consideration and understanding of our mutual problems. I shall be a ready and sympathetic listener to anyone who wishes to discuss his problems. I have tried to learn something about their constituencies, and as time goes on I hope to learn more about them. Thus I shall become better acquainted with the problems of other areas as well as with those that confront my own people in Prince Edward Island, and particularly with those of Queens county.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, in rising to take part in this discussion I am not going to make any reference whatsoever to those phases of the budget speech by the Minister of Finance that had to do with fiscal policies. A great many members have already spoken on that aspect of his speech, some in condemnation and some in commendation. I want to spend what time I have on only one aspect of the minister's speech, namely his concluding remarks which can be found in *Hansard* at pages 2740 and 2741. I should like to recall to hon. members what he said on April 5 and what he must have thought of the important matter, because he concluded in this way:

> The government intends, therefore, to appoint a royal commission with instructions to look ahead and examine carefully our future economic prospects. The sort of study we have in mind would include probable developments both in our productive capacities and in our external markets. It would include an examination of our population growth in both its regional and age distribution aspects. It would assemble information and speculate thoughtfully about the magnitude and nature of our future requirements for the great varieties of physical amenities which contribute to a steadily rising level of well-being.

He followed that up by saying:

> Wise and practical policies are founded on knowledge, inspiration and courage. The Canadian

people have always demonstrated that they have inspiration and courage. I suggest we improve our knowledge that we may not fail to take full and proper advantage of the heritage with which Providence has so richly endowed this nation.

I think the work of this royal commission will do several things. It will focus public attention, here and abroad, in a rather specific and detailed way, on our prospects. It will gather together the considerable amount of material already in existence, but scattered in many different places, that throws light on these prospects. It will also promote and stimulate studies to fill the many gaps in essential factual material. It will sharpen our understanding of some of the problems we face, and will provide useful guides to governments and businessmen, and to leaders in all walks of life, in making plans and policies for the future.

In my opinion, Mr. Speaker, these concluding remarks of the Minister of Finance were the most important in his entire speech. I am very glad that at long last the government has come to a realization of the correctness of the socialist principle of looking ahead, of research and of planning. And in the words of the minister himself, we must have first of all knowledge, then vision and then the courage to act. I am glad to hear that a royal commission is to be appointed, to look ahead, to do research, to plan and make recommendations to guarantee the future well-being of all the provinces and of Canada itself. I sincerely hope that the report will not be pigeonholed and gather dust.

I can remember, sir, that it was my privilege in 1941 and 1942 to be a member of a royal commission that was called the British Columbia post-war rehabilitation council. We were told at that time by the legislature to examine the province of British Columbia, its economy, its industries, its potentialities, its needs, and to look ahead and try to come up with a plan.

It was a commission on planning appointed on a political basis. By that I mean all phases of politics were represented. As I recall it the chairman was the minister of education of British Columbia, a Liberal; another member became Speaker of the British Columbia legislature, and at the present time she is a senator from the province of British Columbia. Another member was a Conservative. He became an independent; then he became a Socred, and now he is sitting not far from here as the premier of British Columbia. It is worth while recounting that on that planning board of 1941 and 1942 I cannot remember one day or one discussion when politics ever came up as politics. A job was done and a report was made. I think it was a good one. My only regret is that it has never been acted upon. It is gathering dust somewhere in the archives of British Columbia.

I am glad to know that a federal planning commission is to be appointed, and I sincerely hope that when the report comes down it will not gather dust, but that it will be studied and acted upon. I desire to devote my time this afternoon to only one phase of that study. It is a phase which many of you may perhaps be rather amazed to hear discussed by me, but I believe there is a study that has to be made.

I want to make as a contribution just one recommendation. It has long been my thought and my conclusion that we in Canada, and particularly in western Canada, have been missing the opportunity for a multimillion dollar industry that has always been at our doorstep. In these present days of high unemployment—according to the latest figures 640,000 are out of work in the Dominion of Canada—the governments have failed to take advantage of our resources and establish a new industry. That is something of which we should be ashamed. But, though we have failed in the past, that is no reason for failing in the future, and I should like to recommend to the Minister of Finance that in his terms of reference to the royal commission to go into research and plan the economy of Canada for the future he include research and planning to establish what I think can become one of the greatest industries in this dominion. That is the health restoring industry.

It is unfortunate that the majority of us do not appreciate good health as long as we have it, but when we lose it there is not one thing on which we are more prepared to spend money than trying to regain our health. What applies to us as individuals applies to all individuals throughout the world. I have been interested in this matter now for some 15 years. Perhaps I should explain how I became interested, because you may think that, having been an electrician or for 22 years a member of provincial and federal parliaments, I am now entering the medical field. It is for this reason. Some 15 years ago, as an electrician, I was called in to see whether I could repair certain scientific machines which were used by naturopathic physicians. These machines were imported from Europe and were unknown in North America. They used static current and galvanic current and shortwave. As a result of tinkering around and trying to fix these machines I became interested in what they were used for. That led me into a study of natural health resources.

I did not believe all I was told. Two physicians who knew something about the use of natural health measures in combination with orthodox medical restorative health measures said to me, "You bring to our attention cases of which you know personally, and for which you are certain on the advice of

medical men that nothing can be done, and let us see if anything can be done for them through the use of nature itself". I accepted that challenge, and since then I have been interested in the natural health resources of Canada. I myself have referred to the doctors people absolutely crippled with rheumatoid arthritis. One woman was under medical care and had to have nursing care 24 hours a day to move and feed her. After two years I saw that same woman getting around and looking after herself, crocheting and knitting.

I know the case of a passenger in an automobile, which skidded on the ice, went over a steep cliff and rolled over several times. One of the passengers badly tore all the ligaments of his chest. The medical advice was that he would have to be strapped for five or six weeks and be in pain most of the time. This was another good case to refer. Under what was known as the hormone peat treatment, instead of being strapped for five or six weeks before he could get up and go back to work, after 10 days he did not know that he had had an accident. I know that is true. I was the passenger in the car.

I could give you instance after instance, but I am just giving you these to illustrate how I became interested in the study. It is acknowledged throughout the world—not as a competitor with medical science but as a collaborator with medical science—that the greatest advances today are being made in the realm of natural medicine, or physical medicine. What does that mean? It means the use of the clinical nature of our hot springs, our cold springs, our radium springs, our saline muds and clays, our hormone peats, and so on. Nowhere in the world is there such an accumulation of natural health-giving resources in the way of hormone peats, saline muds and clays, hot springs, cold springs and radium springs as we have in the Dominion of Canada. Yet we have never used them or developed their full scale of health-giving potentialities.

I know we have the radium hot springs in the national parks; we have our Harrison hot springs. They are used to attract tourists or honeymooners—a place you can go either to get on a drunk or get off a drunk—but not in the main for their health-giving purposes. Banff is closed for the greater part of the year. Our own radium hot springs are closed for the greater part of the year. Yet, when they are open, what do we have there in order to utilize the health-giving resources of the radium hot springs? You do not have to ask me; ask the hon. member for Vancouver South (Mr. Philpott). Unfortunately a cripple, as he is, he goes there every year because of the help he can get there. Yet when it is open there is one physiotherapist and helper. For the majority of the year it is not open at all.

Perhaps you may think I am a visionary when I say that we have a multimillion dollar industry that we are ignoring. Let me say this. If the countries of Europe had the resources we have they would be using them. I should like to give you briefly a résumé of what other people are doing with their limited resources. Mineral springs have been developed in various parts of the North American continent as well as in Europe, based on the use of hydrotherapy, physiotherapy and electrotherapy. The state of New York operates one at Saratoga Springs. It is not only health-giving, it is not only self-supporting, but it returns a revenue to the state. But it is to Europe we must go to find industries based on health.

Before the war Germany was quite frank in stating the financial value of her natural health resources. They spent enormous sums of money on research and development, and the fact that the money was not wasted is shown by this one quotation from a government report. It says this:

> Many an erroneous idea of a philosophy estranged from nature had to be overcome for science and popular sentiment to combine so as to rediscover on a higher plane of knowledge the nature of medicinal springs and their functions. It is that common knowledge that makes the foundation for a sound development of Germany's medicinal springs in the interest of national business as well as in the service of mankind.

Let us go on from there and come back to North America. Just as a comparatively small illustration, on this continent we have Battle Creek which in less than 40 years has grown from a rural village to a great manufacturing centre whose products are almost entirely, directly or indirectly, built around the health centre itself.

Hon. members may be interested in learning that, according to the last figures I have, France has 186 official spas which have developed from villages of a few hundred population to great international health resorts. Germany, according to the latest figures I have—and of course they are slightly out of date now—has 212 official spas of first-class standing and many others that are not listed and, attached to these and to her universities, research institutions that have involved an outlay of millions of dollars.

Just to show the possibility of development around a spa or hot spring that has a curative value, may I say that in France there is a village which just prior to the first great war had a population of 75 to 100 people. Since the development of two small spas, one

hot and one cold, it now has a population of over 2,000 with an annual attendance of 60,000 to 80,000 visitors in search of health. There are 14 large hotels and numerous furnished villas. It requires the daily attendance of 32 doctors, with all the technicians who go with them, to take care of those who come there from all parts of the world.

Another famous spa—and I want to mention this one because its name is well known—is at Aix-les-Bains. Less than 30 years ago the population was about 2,500. Now it is 12,000. It has 45,000 visitors each year in search of health. It has four springs, two hot and two cold. They are of the sulphur type. This spa caters in particular to rheumatic and arthritic cases, and it requires 32 physicians to deal with the patients, including nine specialists in various fields. The hotels have a total accommodation of more than 4,000 rooms, in addition to pensions and large numbers of beautiful furnished villas.

I wish to mention just one more, Mr. Speaker, because you also have heard of this one but have not perhaps understood what it means. One of the largest and most fashionable spas in the world is Baden-Baden, 590 to 820 feet above sea level. The therapeutic facilities consist of the salt springs and the grape cure. There are six large sanitaria, more than 50 hotels and a large number of boarding establishments and private villas that are rented by the season. It requires 75 doctors to staff the sanitaria. Of course it must also be remembered that an average of 20 to 30 trained technicians are required for every doctor at the sanitaria in addition to cooks, gardeners and so forth.

When we recognize the fact that all the great medical authorities in the world today are turning more and more to natural health as a corollory of orthodox medicine; when we recognize the fact that a great number of people who travel from Canada, the United States, Australia and New Zealand to Europe are not going there for the sake of tourism but are going there in search of health; when we recognize the fact that we here in Canada have the greatest collection of natural health resources in the world, I wonder why we do not do some research and develop Canada as the land of health.

As far as my own province of British Columbia is concerned, I am convinced that within a very few years that province and western Canada generally could be known as the health mecca of the world. It requires a little bit of vision. Certainly it requires research, which I think must be done on a governmental basis. It also requires proper planning. Surely it is not too much for us to be able to conjure up in our minds what it would mean if we made use of the God-given resources that are right at our door—even outside of health and outside of tourism—in construction, technology, new fields for medicine in this country, in maintenance and in a new market for the produce of the farmers. To me it is a "natural" going to waste.

Here on the Grand Trunk Pacific, a part of the Canadian National Railways, only 15 miles from Terrace which is now the junction point of the railway going down to Kitimat, we have the outstanding hot spring on the North American continent and, I think in the world, because it contains lithia. There are nine springs there. Only one is cribbed, but that one which is cribbed turns out 6,000 gallons of lithia water an hour. You need only go back to the writings of such famous medical men as Dr. Alexis Carrel or Lieutenant Colonel Dr. Samson of the physiotherapy branch of the United States army, to learn the use of lithia water in curing or helping people.

There it is, just 15 miles from a major centre on the Canadian National, pouring out its 6,000 gallons per hour with no use being made by the province and no use being made by the dominion of one of the great God-given, natural, health-giving resources in the entire world. If they had that in Europe—in France, in Germany, in Russia or in Switzerland—they would have a million-dollar concern right around that one spring.

I do not know the story of all Canada, but I know from my own personal knowledge of 30 hot and cold springs in the province of British Columbia. I know that we have millions of tons of what is known as hormone peat. I know of medical clays. I am sure my friend the Minister of National Defence can tell you as well as I of what the Indians can do with those clays and peats. It is almost miraculous.

There is the foundation for a new industry. I do not think people realize what we have. We have springs, hot and cold, in British Columbia. I am going to read off just what they contain, and medical men can tell you their medicinal value far better than can I. We have these right at our doorstep. These springs contain strontium sulphate, aluminum, hydrogen sulphide, calcium carbonate, calcium sulphate, magnesium carbonate, magnesium sulphate, sodium carbonate, sodium sulphate, sodium chloride, potassium chloride, lithium chloride, silica, iron and alumina. These are natural health springs known to science, and we, sir, do nothing about the matter.

I do not want to carry on beyond closing time tonight. I am convinced that we have a great natural industry at our doorstep. I am convinced that we have a multimillion dollar industry at our doorstep. I am convinced that with a little bit of attention and, to use the words of the Minister of Finance himself, research, planning and courage, we can make Canada the health mecca of the world. I am putting this forward as a constructive proposal, asking for the interest and support of hon. members.

They are not obliged to accept what I say. Let us have some research into the matter. Let us do some work on it. But I want to say this. To the best of my knowledge, throughout this country there is a great deal to offer in the realm of health not only to our own people but to the world. Doctors are more and more recognizing the need for changing altitudes and changing climates in matters of health. In our country we certainly have the changing altitudes. We certainly have the changing climates. We certainly have in almost every constituency the minerals, the springs, the fruits, the climates, the pine trees, the muds, the clays, the peats, the bogs, the alkalis and the sunshine that can be tied in, as I say, to build a great new industry.

This is my feeling as the result of years of study, of reading the words of the world's scientists, of having cases attended to when I was faced with a challenge; and as my contribution to this debate I should like to throw out the challenge at this time that we do something about the matter, starting now.

Mr. Enfield: Mr. Speaker, I notice it is very close to six o'clock. Perhaps members would be agreeable to calling it six o'clock rather than having me start now and speak for only six minutes.

On motion of Mr. Enfield the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Campney moved the adjournment of the house.

He said: Tomorrow we shall continue this debate.

Motion agreed to and the house adjourned at 5.55 p.m.

HOUSE OF COMMONS

Thursday, April 28, 1955

The house met at 2.30 p.m.

PRIVILEGE

MR. KNOWLES—REFERENCE TO EDITORIAL IN MONTREAL "GAZETTE"

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege. In an editorial in the Montreal *Gazette* of Wednesday, April 27, 1955 headed "The 'Hearsay' was not 'Irrelevant'", there appears this sentence:

The next day, when Mr. Hamilton—

The reference is to the hon. member for Notre Dame de Grace.

—again introduced the matter, Mr. Pickersgill was joined by Jean Lesage, minister for northern affairs, Stanley Knowles, C.C.F., and John Dickey, Liberal of Halifax, in objecting to the use of newspaper stories in a debate.

In the interests of accuracy, and since it is well known that I am more in the habit of protecting members' rights to speak than in trying to restrict those rights, may I point out that when I spoke on the point of order on April 6, as recorded at page 2864 of *Hansard*, I summed up my remarks with this short sentence:

It seems to me that he—

The hon. member for Notre Dame de Grace.

—is not out of order.

I am sure the Montreal *Gazette* would like to be more accurate than it has been in this editorial.

MR. DIEFENBAKER—REFERENCE TO CANADIAN PRESS REPORT

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise on a question of privilege arising out of a Canadian Press article in last night's *Citizen* headed "Diefenbaker's Charge Denied" and which reads as follows:

Calgary (CP)—A statement in the Commons that the C.N.R. has hired 1,000 immigrants in the Calgary area while bypassing men previously laid off was denied today by railway officials.

The statement was made Tuesday by John Diefenbaker, Progressive Conservative member of parliament for Prince Albert.

A C.N.R. spokesman said: "We have not hired 1,000 immigrants in the Calgary division—not at all."

The Canadian Press dispatch in question read that I had made the statement:

. . . C.N.R. employees are living in fear of lay-offs. In the Calgary area, those laid off were passed over recently when 1,000 immigrants were hired for extra gang work.

My question of privilege is simply this. I never made any such statement at any time. What I did say is reported in *Hansard* at page 3176:

Strong complaints have been made about R. F. Welch Limited, I think that is the name of the company. Mr. Gordon gave his promise that the things complained of would cease after March 31, but he did not say what year. Since March 31, 1,000 people who have been recently brought into Canada have been placed on two extra gangs out of Calgary, according to my information. What about the men who have been laid off? Why were they not given an opportunity, those who would be fitted for that work, to take this employment? A promise was given by Mr. Gordon that this was going to stop, that the injustices resulting from the hiring agreements of that company would be a thing of the past.

I put the emphasis on the word "that". My reference was to R. F. Welch Limited holding certain contracts with the Canadian National Railways, that this company had recently hired 1,000 men and had not taken into account unemployed section and maintenance men. My point of privilege is that the statement alleged to have been made by me, as reported by the Canadian Press, is not in any way in accordance with the statement I made in the house.

INDUSTRIAL RELATIONS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. G. E. Nixon (Algoma West) presented the first report of the standing committee on industrial relations, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

C.N.R. PASSENGER CARS

Mr. Mitchell (London):

1. How many passenger cars of all types were delivered to Canadian National Railways in the years, 1952, 1953, 1954, which were manufactured by firms outside Canada?

2. By what company or companies were such cars manufactured?

3. Were tenders invited for any or all of such cars before the contracts were let?

Questions

4. Can any or all of these cars be manufactured on a competitive basis by Canadian National Railways car shops? If not, for what reason?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

1. 1952: 4—for United States lines of the Grand Trunk Western Railroad Company. 1953: 6—5 for United States lines of the Grand Trunk Western Railroad Company and 1 rail diesel car for use in Canada. 1954: 143—2 for United States lines of the Grand Trunk Western Railroad Company; 139 units of passenger equipment of various types for use in Canada; 2 rail diesel cars for use in Canada.

2. The rail diesel cars were manufactured by the Budd Company and the others by the Pullman-Standard Manufacturing Company and A.C.F. Industries Inc.

3. Tenders were invited for all of the above mentioned equipment, excepting the rail diesel cars of which the Budd Company is the patentee and sole manufacturer.

4. No. C.N.R. car shops are not equipped for the manufacture of these units.

FARM IMPROVEMENT LOANS, NOVA SCOTIA

Mr. Purdy:

1. What is the total number and amount of farm improvement loans made in the province of Nova Scotia from the inception of the act to December 31, 1954?
2. What is the aggregate amount of such loans still unpaid as at December 31, 1954?
3. What amount has been repaid during the above period by (a) original borrowers; (b) government?

Mr. Benidickson:

1. 4,456 loans in an amount of $3,889,110.

2. $1,371,841.

3. (a) $2,517,269 (b) $1,182.44,

P.F.A.A. CHEQUES

Mr. Castleden:

1. How many P.F.A.A. crop failure cheques had yet to be issued to eligible farmers in (a) Alberta; (b) Saskatchewan; (c) Manitoba, as of April 15 last?
2. How many P.F.A.A. cheques were issued to eligible farmers in each of these provinces, during each week between February 1 and April 9, 1955?

Mr. Gardiner: Mr. Speaker, I do not think the hon. member for Yorkton is in the house at the moment, but I should like to call attention to the fact that it would be impossible to answer the first part of the question, which reads:

How many P.F.A.A. crop failure cheques had yet to be issued to eligible farmers in (a) Alberta; (b) Saskatchewan; (c) Manitoba, as of April 15 last?

[Mr. Mitchell (London).]

It is impossible to indicate how many remain to be issued. Up to the present time all the decisions have not been made as to who are eligible for payment. The second part of the question reads:

How many P.F.A.A. cheques were issued to eligible farmers in each of these provinces, during each week between February 1 and April 9, 1955?

The records are not kept in such a form as to be able to give an answer to that question. I wish the hon. member would drop the question now and reword it.

Mr. Speaker: Dropped.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ESTIMATES—CHANGES IN DETAILS

Mr. Knowles:

1. With respect to how many votes in the estimates of the fiscal year ending March 31, 1955, were changes made in the details as printed in the book of estimates?
2. What is the number of each such vote the details of which were altered?
3. What was the date of treasury board authorization of each such alteration?

Mr. Benidickson: With respect to this question, I should like the answer to parts 1 and 2 to be considered as answers to an order for return. I understand that the hon. member for Winnipeg North Centre (Mr. Knowles) has agreed to drop part 3 until he has examined the answers to parts 1 and 2, which I am now tabling as an order for return.

Mr. Speaker: Order for return now tabled.

P.F.A.A. INSPECTORS—QUESTIONS ASKED

Mr. Campbell:

1. What questions are asked of farmers by P.F.A.A. inspectors?
2. Do they relate wholly to grain crops?

CANADIAN NATIONAL RAILWAYS

QUEEN ELIZABETH HOTEL—REQUEST FOR RECONSIDERATION OF POLICY RE MANAGEMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. In view of the report in various morning newspapers of an antitrust action which is being taken by the United States government against the Hilton hotel chain, will the government ask Canadian National Railways to reconsider the matter of arranging for the Queen Elizabeth hotel to be operated by the Hilton chain?

Hon. George C. Marler (Minister of Transport): The answer, Mr. Speaker, is no. I should like to say that, as reported in

today's issue of the Montreal *Gazette*, a statement was made yesterday on behalf of Canadian National Railways saying that the United States government action against the Hilton Hotels Corporation will not affect the contract between the railway and the hotel company.

Mr. Knowles: May I ask the Minister of Transport to direct his reply to my question? I asked if, in view of the action taken, the government would ask the railway to reconsider the matter.

Mr. Marler: My answer to that question was no.

POSTAL SERVICE

BURNABY, B.C.—ANNOUNCEMENT OF ESTABLISHMENT OF METROPOLITAN AREA

On the orders of the day:

Mr. T. H. Goode (Burnaby-Richmond): I should like to address a question to the Acting Postmaster General. Can he make a statement now with respect to the postal situation in East Burnaby, British Columbia?

Hon. J. W. Pickersgill (Acting Postmaster General): Mr. Speaker, early this year representations were made to the effect that the Burnaby area should be treated as a postal entity. At the present time, North Burnaby and South Burnaby are served under the jurisdiction of the postmaster, Vancouver; East Burnaby is served under the jurisdiction of the postmaster, New Westminster. It was understood that it was the desire of the people of East Burnaby that they should be served in a similar manner to the people in the rest of Burnaby, namely from Vancouver. Based on this understanding, the department agreed to the change.

This change in service would affect the postage rates charged. At the present time the local letter rate of 4 cents applies to mail between East Burnaby and New Westminster. Under the rearrangement contemplated the rate would be 5 cents, but on the other hand the rate to Vancouver which previously had been 5 cents would be 4 cents.

No sooner had the decision been made public than representations were received from people in East Burnaby objecting to the change. From a practical post office point of view, I am informed, East Burnaby could be served either under the postmaster at Vancouver or the postmaster at New Westminster.

In view of these representations further consideration was given to the question, including representations heretofore made to the effect that there should be one metropolitan postal area comprising the territory served within the letter carrier delivery boundaries of both Vancouver and New Westminster. This would mean that the local letter rate of 4 cents would apply within this whole area.

It has been decided that the most equitable and efficient arrangement would be to establish a metropolitan postal area covering both the Vancouver and New Westminster postal districts. Vancouver and New Westminster will both continue to have post offices described by those names. There need be no change in the method of addressing or handling mails. It is essential, however, that there should appear in the address a positive indication of the locality in which the address is situated, otherwise delays will undoubtedly ensue. East Burnaby will be designated as "Burnaby 3".

The four-cent rate for the area will be effective from May 1, 1955.

Mr. Regier: Will it be sufficient for letters to be addressed "Burnaby 1", "Burnaby 2", or "Burnaby 3", as the case may be, without the additional identification of "via Vancouver" or "via New Westminster"?

Mr. Pickersgill: Yes. I understand that is the correct interpretation.

Mr. Hahn: Will the rural routes originating in New Westminster come under the four-cent letter rate as well?

Mr. Pickersgill: I think the statement says that it applies to the letter carrier areas in the two places, which, I believe, include rural routes beginning in either.

SHIPPING

REPLACEMENT OF LIGHTSHIP AT HALIFAX BY NEW VESSEL

On the orders of the day:

Mr. S. R. Balcom (Halifax): I should like to direct a question to the Minister of Transport. Have tenders been called for a new lightship to replace the old C.G.S. *Sambro* stationed off Halifax harbour? If so, when is work on the new ship expected to start?

Hon. George C. Marler (Minister of Transport): Tenders have been called for a new lightship for Halifax. It is expected a contract will be awarded shortly, after which work will commence immediately.

NATIONAL DEFENCE

REQUEST FOR STATEMENT RESPECTING LOSSES, NO. 11 WORKS COMPANY, R.C.E., VANCOUVER

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): Would the Minister of National Defence give

the house a report on the alleged losses in connection with No. 11 works company, either now or in the near future?

Hon. R. O. Campney (Minister of National Defence): I shall be glad to make a report on No. 11 works company as soon as the R.C.M.P. and the provost corps have completed their investigations. I am keeping in close touch with the matter, but they are still investigating a number of cases.

Mr. Fulton: Has it been possible to make any estimate of the total amount involved in the losses?

Mr. Campney: I would not care to quote any figure, but I think I can safely say that reports of the losses appearing in the press are greatly exaggerated.

PRAIRIE FARM ASSISTANCE

REQUEST FOR STATEMENT AS TO PAYMENTS

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to ask the Minister of Agriculture whether he can inform the house when the P.F.A.A. administration expects to be able to send the farmers the balance of the crop failure bonus cheques?

Right Hon. J. G. Gardiner (Minister of Agriculture): Just as soon as all of the appeals made have been taken care of the cheques will be issued accordingly.

EXTERNAL AFFAIRS

INQUIRY AS TO CORRESPONDENCE BETWEEN CANADIAN AND RUSSIAN GOVERNMENTS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Secretary of State for External Affairs. In view of the disclosure yesterday that there has been correspondence between President Eisenhower and Marshal Zhukov for the apparent purpose of arranging meetings, is the minister in a position to say whether or not similar correspondence has been taking place between the Canadian government and any representative of the Russian government?

Hon. L. B. Pearson (Secretary of State for External Affairs): I do not know of any such correspondence.

PRAIRIE FARM REHABILITATION

WORKS PROJECTS—INQUIRY AS TO METHOD OF AWARDING TENDERS

On the orders of the day:

Mr. O. C. Trainor (Winnipeg South): I should like to ask the Minister of Agriculture if contracts for works projects under P.F.R.A. are awarded by public tender. If not, will he state how they are awarded?

Right Hon. J. G. Gardiner (Minister of Agriculture): Yes, contracts are let by public tender. There may be an occasional small job that is done by day labour, but practically all work is done by tender and the tenders are open to the public.

LABOUR CONDITIONS

UNEMPLOYMENT—REFERENCE TO PRESS REPORT OF STATEMENT BY MINISTER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Can the Minister of Labour explain what he meant by the words "professional unemployed" in a statement attributed to him and to Mr. Barrette in this morning's Montreal *Gazette*? The minister is reported to have agreed that 20 per cent of the total unemployed are "professional unemployed" and the words are within quotation marks.

Hon. Milton F. Gregg (Minister of Labour): I admit my bewilderment at once because I have not read the Montreal *Gazette* very carefully today and I have not seen the expression quoted by my hon. friend. I can tell him right away that I cannot recall having ever used the words "professional unemployed".

Mr. Knowles: I would hope not.

PUBLIC BUILDINGS

PETERBOROUGH—DISPOSITION OF OLD CUSTOMS BUILDING

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I should like to address a question to the Minister of National Revenue. Has the old customs house in Peterborough been turned over to the Crown Assets Disposal Corporation for disposal as yet? The customs house has no further use.

Hon. J. J. McCann (Minister of National Revenue): Not to my knowledge, but I shall find out definitely and let the hon. member know later.

EDUCATION

VOCATIONAL TRAINING—CONTINUED PARTICIPATION BY FEDERAL GOVERNMENT

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Minister of Labour which is of immediate concern to

those in charge of planning education. Can he assure the house and the country that the federal government is not planning to cease giving assistance to vocational training in Canada?

Hon. Milton F. Gregg (Minister of Labour): This matter will be discussed when my estimates are before the house, I am sure, but I can assure hon. members at once that the government and the Department of Labour are at present continuing in the field of vocational training exactly as they have done in recent years. The only change that has occurred during the last 12 months has been that long-term agreements with the provinces have expired, but we are continuing in exactly the same manner while consideration is being given concerning their renewal.

INQUIRY FOR RETURN

DEPARTMENT OF TRANSPORT—PEEL COUNTY EXPROPRIATIONS

On the orders of the day:

Mr. John Pallett (Peel): I should like to direct a question to the Minister of Transport. Can he tell me when I might expect the tabling of the order for return that was passed in my name on March 24?

Hon. George C. Marler (Minister of Transport): Concerning what matter?

Mr. Pallett: Concerning the expropriations of lands around Malton airport.

Mr. Marler: I shall have to look into the matter, Mr. Speaker.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 27, consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. Coldwell.

(*Translation*):

Mr. Bona Arsenault (Bonaventure): Mr. Speaker, agriculture, offshore fishing and lumbering are among the chief means of livelihood of a great many people in the province of Quebec. More particularly in the eastern part, in Gaspe, on the north shore of the St. Lawrence, the people are almost entirely dependent upon those three sources of income to live on or, in some cases, to achieve a modicum of comfort.

Indeed very few farmers of that area earn their living through farming alone, and few fishermen engage exclusively in fishing operations. Therefore, lumbering and the sale of pulpwood constitute a necessary if not indispensable adjunct to the family budget. Those three sources of revenue, sea, land and forest, can be said to constitute the very basis of the economy of the eastern part of the province of Quebec.

Last year, because of bad weather and of the heavy damage done to crops by insects, in various parts of the province, many farmers sustained irretrievable losses. In Gaspe, many of them even lack the necessary seed for this spring. I have received numerous and pathetic appeals for assistance from farm organizations and individual farmers of my constituency. But that problem is not a responsibility of the federal government.

However, due to the urgency of the matter and the pressing needs of the farmers of my county, I feel I must call this situation to the attention of the provincial authorities whose responsibility this is. Let me make clear, though, that these words of mine, and the statements I wish to make in the course of my remarks today, are by no means intended to embarrass the Quebec government.

It is a well known fact that, for several months, the farmers of this country, more particularly those from the province of Quebec, have been expressing alarm over the very important matter of the price of butter. Federal members from that province have received numerous representations in this regard, notably from the officers and members of the Catholic farmers' union. Personally, I have received some 1,400 letters on this subject.

The Quebec members in this house have joined hands in placing those pressing demands before federal authorities. Farmers of that province have thus received renewed proof of the fact that they have good friends here, on whom they can rely in emergencies.

The federal government has attempted to protect the Canadian farmer, and more particularly the farmer from Quebec, from the disastrous effects of a drop in dairy prices.

Price support on butter has once more been fixed at 58 cents a pound.

On behalf of the farmers of my riding, I wish to extend my sincere thanks to the government, in particular to the right hon.

Prime Minister (Mr. St. Laurent) and to the right hon. Minister of Agriculture (Mr. Gardiner) for this wise decision which will be beneficial not only to farmers but also, indirectly, to everyone in Canada. When agriculture is prosperous, the entire country is also prosperous.

I said that a large part of the population of the province of Quebec earns its living from fishing. I must remind the house, however, that the value of the catch in that province for 1954 was 23 per cent lower than in 1953, and 29 per cent less than in 1952.

For instance, in the province of Quebec 35 million pounds of cod were caught in 1954. This catch, as it came out of the net, was worth $773,000.

In comparison with 1953, the amount of cod caught was 28·5 per cent smaller, the value 15·3 per cent less. A comparison between 1954 and 1952 shows that the amount of cod taken was down 39·5 per cent, and the sums paid to the fishermen, 45·6 per cent.

The herring catch, which had been 28,000 tons in 1952 and 24,000 tons in 1953, was down to 18,000 tons in 1954.

The salmon catch has also been seriously reduced in the last few years. The gradual disappearance of salmon from the Atlantic coast is such as to give rise to the most serious misgivings.

On the other hand, in the Magdalen islands, the total value of the lobster catch was up from $485,000 in 1952 to $703,000 in 1953 and $721,000 in 1954. But that is only one happy exception to the rule, and of no advantage to the other eastern districts of the province of Quebec.

Generally speaking, then, it may be said that in 1954 there was a serious reduction in the revenue of fishermen from the counties of Bonaventure, Gaspe South, Gaspe North, Charlevoix and Saguenay, compared to 1953 and especially to 1952.

Consequently, if on one hand some sections of the eastern part of the province of Quebec met with serious difficulties last year on account of excessive rain and of insects, on the other hand the income from our offshore fishing, especially for the past two years, has been sadly inadequate, and is greatly missed by our people.

The catch and the prices paid to fishermen have dropped so much that the total revenue of our Quebec sea fisheries is but $2,440,473 compared to $2,706,248 in 1953, and $3,088,448 in 1952.

I said just now that in the eastern part of the province, more particularly in Gaspe and on the north shore of the St. Lawrence river, the lumbering industry constitutes a necessary adjunct to the revenue of the people, more especially when farming and fishing fail.

Now, considering the serious conditions in agriculture and offshore fishing, which I just mentioned, farmers and fishermen of the province of Quebec, especially in the eastern district, who own woodlots had reason to expect from the sale of pulpwood a fair return which would have enabled them to support their families. On the contrary, even in that field, they have been shamefully exploited.

Considering the high cost of living, the cost of newsprint both on the national and international market, and the profits revealed in the financial reports of the pulpwood companies which are taking advantage of our natural resources, the ridiculously low prices paid in recent years, and last year in particular for pulpwood in the constituency of Bonaventure in the Gaspe peninsula, and in many other districts in the province of Quebec, are nothing less than an inducement to lawlessness.

I have here the results of investigations conducted during the winter by officers of the Catholic farmers' union in the counties of Bonaventure and Gaspe, on prices paid to pulpwood producers in the Gaspe peninsula.

Those investigations show that, in February and March 1955, prices as low as $10.50, $9.50, $8.50 and even $7.50 were being paid in the Gaspe peninsula for a cord of pulpwood delivered to the truck roads.

Do you know how much it costs to fell, saw or "bucksaw", as the lumberjacks say, and cart to the truck roads, often miles away, a cord of pulpwood cut on the average farmer's or settler's lot in the Gaspe peninsula?

Two good men, a good horse and ten hours of work a day are required to do the job.

It costs $2 a day to feed two men, and this is no exaggeration; and for a horse at least $1. For a good horse, the value of a day's work is $3, which makes a total of $6.

That means that when pulpwood is paid $10 a cord, delivered alongside the truck roads, there is left only $4 in net revenue to

be split between two men. It also means that not only do the pulpwood producers in eastern Quebec have to be content with a measly salary of $2 a day, for ten hours of hard work, but they are practically giving their wood away to the shareholders of pulpwood companies, the majority of whom are quite often foreigners.

And when pulpwood is paid $7.50 a cord, alongside the truck roads, as was the case last winter in certain parts of the Gaspe peninsula—and I have proof of it right here—we find, on the basis of the same figures, that those two men net only 75 cents each a day, which amounts to about 7½ cents an hour, on which to raise a large family.

When I see some printers of the Montreal newspaper *Le Devoir*, who already get a salary of $4,000, $5,000 and $6,000 a year, go on strike, I really wonder what they would do if their situation was that of the woodcutters and the pulpwood producers in the province of Quebec.

Some will say that, with modern equipment —which our woodcutters are not always able to get—two men can cut more than a cord of wood in a day. Of course they can, if this wood is cut on company limits, right in the middle of a virgin forest and close to the river down which the wood is floated. But not so on the woodlots of the farmers and settlers of the Gaspe peninsula, where the trees are sparse and have to be hauled long distances to the truck road during the winter, or even in the mud during the fall and spring.

From 75 cents to $2 a day for a man who works hard, often from morning till night, to raise a large family and try to make both ends meet! And things have come to such a pass in this twentieth century, in a Christian country which is often held up as an example for other countries of the world, in a democratic country which earmarks billions of dollars for the defence of our way of life, of that way of life, and especially in a province which claims to be in the vanguard of the fight against communism.

I say that our woodcutters and settlers in Quebec are not immunized against the seeds of revolutionary and communistic ideas, and I would add that the wonder drug that would immunize them has not yet been found. Let our industrial leaders take heed and consider seriously their responsibilities before it is too late!

For, by enriching the foreigners who are taking advantage of our natural wealth while making capital out of indigence, the suffering and even the despair of our people, we sow the most fertile seed of revolution and communism to be found in the country.

Thus some capitalists, blinded by greed, avarice, or sheer stupidity, are acting as the best promoters of Moscow in our midst.

Communism! They are the ones who, by their unfair practices, arouse communism in the minds and hearts of our people. And unfortunately, those exploiters are beyond the reach of the padlock law.

Our own Canadian forests, the woods of Quebec, our own province and, in particular, those of the Gaspe peninsula, were not created by the Lord for the sole benefit of Threadneedle street, Wall street, Bay street or St. James street.

The lumber industry is one of the most important in the province of Quebec, if not actually the most important. The pulp industry, in particular, is an essential factor of our economic and social structure. It directly affects the standard of living of a large part of our population.

Lest we take for granted that the province of Quebec has become the colonial empire of a few privileged rich men, the development of our natural resources, of our forests, should first and foremost assure the subsistence and welfare of our population in Quebec.

If there is a field in which Quebec should be autonomous, it is that one, for our provincial government has the sole jurisdiction with regard to our forests, and our lumber industry within the province.

As a matter of fact, lease permits either for settlers' lots or wooded lands are granted or refused by the provincial government.

The only authority entitled to grant timber rights to individuals or companies is the provincial government. It is the provincial government that collects cutting fees. It is also the provincial government that has established the ceiling price to be paid by the owners of provincial newspapers for their newsprint by direct representations to the companies. In view of the uncompromising attitude of some pulp companies in their transactions with the lumber producers, and of the extreme unfairness they show to the farmers and settlers of the province of

Quebec, in spite of the solemn warning that was given to them in this very house, by the hon. member for Gatineau (Mr. Leduc) and in the very words of the premier of Quebec, I believe it to be the duty of the government of that province to intervene with regard to the establishment of the floor price to be paid the farmers and settlers for their pulpwood.

The provincial government has the power to fix a maximum price for the newsprint sold to the newspaper publishers of the province. By the same token, it should have the right to fix a minimum price to be paid to settlers and farmers.

Because we live in the province of Quebec we should not have to pay more taxes than elsewhere. Because we live in the province of Quebec we should not be paid lower salaries than elsewhere. Because we are from the province of Quebec we should not be forced to sell our products more cheaply than elsewhere, pulpwood in particular.

This situation, Mr. Speaker, has lasted all too long. There is no reason in the world why a cord of pulpwood cut in Gaspe should not fetch as high a price as a cord of pulpwood cut in Ontario or on the Pacific coast.

I might add that a cord of pulpwood, which often costs as much as $25 to $35 delivered at the mill, when it has been cut on company limits and floated or hauled over long distances, should be worth at least $15 when delivered to truck loading points on roads by our farmers or settlers: not $7.50 nor $8, but $15.

Therefore I say that a minimum price of $15 a cord should be set right away throughout the eastern region of the province for pulpwood bought from farmers, settlers or other producers.

I do not mention any figure for the other parts of the province as I am not familiar with conditions there.

But I do know that since 1952, because pulpwood has been paid from $5 to $7 a cord less than should have been paid to our farmers and settlers, at a time when the price of newsprint kept going up and the profits of pulpwood companies kept piling up, the people of the Gaspe peninsula and of eastern Quebec have been cheated out of some $2 million a year. Thus the benefit of family allowances generously distributed to the families in those regions by the federal government has, to a large extent, been cancelled out.

Such a highly unjust situation must be met with an immediate remedy. Here is what I should like to suggest:

1. I propose that the inquiry which the hon. member for Gatineau (Mr. Leduc) has asked the Department of Justice to undertake with respect to the Gatineau valley under the Combines Investigation Act be extended to every region of the province of Quebec and particularly to the Gaspe peninsula.

2. I respectfully urge the Hon. Maurice Duplessis, premier of the province of Quebec, and the members of his government, to pass an order in council fixing the minimum price to be paid to pulpwood producers in the province of Quebec. Such a minimum price would have to be at least $15 a cord, delivered at a truck loading site, for the eastern part of the province.

3. As a citizen of the province of Quebec, I respectfully urge the Quebec provincial legislature to adopt at its next session a legislative measure which would empower the minister of lands and forests of the province, among other things, to:

(a) investigate prices paid to farmers and settlers for pulpwood cut in the province on wooded lands or licenced lots;

(b) issue regulations governing the establishment of the minimum price to be paid to producers for pulpwood; concerning the measuring of the wood and the quantity of pulpwood to be bought each year from settlers and farmers, taking into account their other sources of supply and their needs;

(c) issue any other regulation to safeguard the interests of wood producers within the province of Quebec.

Before resuming my seat, I repeat that the remarks I have just made must not be interpreted as an attack either against the wood dealers, or the pulp companies or the provincial government.

I attack nobody in particular and I lay no charge whatsoever against anybody.

I am only stating facts that have lasted long enough, conditions I believe it is my duty to reveal and proclaim, and which I shall denounce and proclaim as long as they have not been efficiently remedied.

As a farmer's son, I know from my own experience how strenuously our men must work to support their families.

I also know, from personal experience, that a lumberman, a farmer, a settler or lumber producer, be he from the Gaspe peninsula, from the north shore of the St. Lawrence or the Gatineau, deserves as fair a compensation for a good day's work as any other Canadian, from any other part of our country, in a similar profession.

(*Text*):

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, first of all I should like to congratulate the Minister of Finance (Mr. Harris) on his first budget. I am glad to note that the minister is an optimist, because that is a state of mind that is always good to have in a country like Canada. I hope the gross national product for this year turns out to be as high as his estimate.

As far as the budget is concerned, there have been some tax reductions. While the minister decided to make these reductions in the income tax they really do not amount to very much, as has been pointed out, to the average family. The total saving will be only 40 or 50 cents a week, which I do not think will buy many refrigerators or other appliances.

I suppose we should all be thankful for any reduction in taxation, however small it may be, but the result of this reduction is that those who need a tax reduction most are receiving the least benefit. I refer to those whose incomes are so small that they are not taxable at all. The only way those people can be benefited is by removing the sales tax from essential commodities. I do not suppose that would make any great impression on the mind of the public, at least not as much as a reduction in the income tax even though it is not very large. However, in his next budget the minister may consider removing the sales tax from such commodities, as it will then be a little closer to election time.

There are three aspects of the budget with which I should like to deal briefly. The first is the failure of the minister to remove the sales tax from stationery and other essential supplies used by welfare organizations such as the Red Cross. the cancer society and so on. Representations on behalf of these organizations have been made in this house in other years and on other occasions, and I cannot help but feel that it is perfectly ridiculous for people to donate to these organizations and be able to deduct their donations from their taxable income, then have the government turn around and make these welfare organizations pay the sales tax on necessary supplies, stationery, advertising material and so on.

The second matter with which I should like to deal concerns the druggists of this country. Representations were made to me earlier this year which I passed on to the minister. I understand that other hon. members and various associations have also made representations to the minister in this regard. In this connection I should like to read a letter which was sent to me by the retail pharmacists' association of Woodstock, a small city in my riding, which I think sets out the situation very cogently and concisely.

Dear Sir,

We the retail pharmacists' association of Woodstock wish to present a brief on a subject which has been causing us increasing concern during the last year or so. In recent months the problem has become increasingly acute and shows every indication of becoming a very real point of contention.

During the last year or so this association has expended considerable time, money and energy to make it practical and advantageous to the medical practitioner and his patient for the doctor to write prescriptions to be dispensed by the pharmacist rather than dispense medicine from his own office.

Our endeavours in this respect have met with considerable success but we now find that we are being stymied to a great extent due to the following situation.

The new modern drugs in use by the medical practitioner are quite expensive, prescriptions running from $5 to $15 are no longer uncommon. If these prescriptions are filled by the doctor in his office, they are deductible as a medical expense for income tax purposes. If however the doctor writes a prescription and it is filled by the pharmacist the patient cannot then claim the cost as a deduction on his income tax.

As a result of this inconsistency we are finding that local doctors in sympathy with their patients who are in need of expensive medication are handing out these medicines in their offices. In addition we have also been advised that patients are asking their doctor to supply expensive medication when required, rather than give them a written prescription for the pharmacist to fill.

We believe the situation as it exists at the present time causes definite discrimination against the pharmacist and that it merits the sincere consideration of the income tax department. Why should the same prescription be income tax deductible when the doctor fills it and not be deductible when the pharmacist fills it?

I omit the remainder of this letter, which is not particularly relevant to the point. The letter is signed:

Woodstock retail pharmacists' association
M. A. Bernath, president
Gordon Reinhart, secretary

I do not think it is necessary for me to make any further comment on this matter, as I think it has been expressed neatly in this

letter of the association. I hope the Minister of Finance will consider this matter, if not this year then perhaps next year.

The third item with which I should like to deal refers to the present monetary situation in the country, under which prices are decidedly inflated. I want to refer to the effects of these inflated price levels upon older persons who are in receipt of relatively small pensions, or who are living on small fixed incomes. I think all hon. members realize that elderly people, whether they be living on small fixed incomes or on pensions, cannot save very much with the present prices of necessities such as food, clothing and so on.

These high prices also affect young married couples, who quite often find it impossible to save anything. I notice in an article in the paper the other day that instalment buying is at the highest level in the history of the Dominion of Canada. I submit that this practice has been aided and abetted by the government. I do not say that it is necessarily wrong, but the buying of N.H.A. houses, war veterans housing and so on on the instalment plan gets people into the habit. When people buy houses under these plans they find they need furniture, and that is also bought on the instalment plan. Then they need a television set and a car and everything else.

In a country as wealthy as Canada people are entitled to these things. As things are at the present time they have to buy them on the instalment plan or wait perhaps 50 or 60 years before being able to buy a car or some furniture which they would like to have. It may be extravagant, but these young people feel that they should have these things if at all possible. As a result of this instalment buying many young married couples are not able to save any substantial amount of money for a rainy day, and things are still worse should the breadwinner happen to die.

There are a number of hon. members in this house who are in the legal profession. I am quite sure many of those hon. members will have come in contact with that situation as I have myself. Dependents of elderly persons and dependents of young married persons who die are often left destitute, except for the various public welfare schemes which the provincial and federal governments have in force. Very often you have a young married man—it does not occur too often, fortunately, but I have seen such cases—who belongs to a lodge. The lodge may pay funeral expenses; it may be one of these mutual benefit schemes. Then the wife and two or three children are left with the house, and a great many instalments to pay on it and the furniture, the car, and the television set. They are left with instalments to meet every month and no money to do it with except family allowances or, in certain provinces such as the province of Ontario, mothers' allowance.

That is hardly a desirable situation. Not only does it occur with young people but, as I have mentioned before, it occurs with elderly people who have been unable to save too much and who have retired on small fixed incomes and on pensions. To help this situation I suggest for the consideration of the minister that premiums on straight life insurance policies up to $10,000—that is the amount of the policy, not the premium—if these policies are payable directly or indirectly to the dependents as defined under the Income Tax Act, that such premiums be allowed as a deduction from the taxable income.

Statistics are difficult to obtain with regard to the number of life insurance policyholders in Canada, and it is impossible at the present time to obtain statistics with regard to the types of life insurance the policyholders hold, whether it is term insurance, straight insurance, twenty-pay life or some other form. It is also impossible at the present time to find out how many heads of families are policyholders. The department of insurance and the dominion bureau of statistics have no statistics available in this respect.

However, I was able to obtain some figures on this matter. It appears that Mr. A. Bruce Matthews, president of the Canadian Life Insurance Officers Association, in a recent statement set out that there were approximately 5,500,000 life insurance policyholders in Canada at the end of 1954. This is out of a population of 15 million. It must be remembered that by no means all those policyholders are heads of families. They are married women, very often, and very frequently young children have policies put on their lives at an early age in order to get the lower premium, and so on.

I have some further figures that I think are relevant. In 1951—and these figures are in the 1954 Canada Year Book—Canada had a population of approximately 13,600,000. In that total population there were 3,287,384 heads of families. In 1955, with the increase of our population to approximately 15 million, the number of heads of families must have been increased considerably. As a result of these figures the conclusion that must almost necessarily follow—and it is the opinion of various life insurance executives with whom I have talked, both senior and junior—that

there must be a great many heads of families in Canada at the present time who do not carry any type of life insurance.

Another point that is interesting in this regard is that in 1951 the median income for the head of the family in Canada was $2,345. As most hon. members know, the median is a type of average. It is not an arithmetical or geometric average, but it is the picking of a figure out of the centre of a group of other figures. It is a type of average. In any event, as I say, in 1951 the median income for the head of a family in Canada was $2,345. This figure again was obtained from the dominion bureau of statistics. If that is the median income of the head of the family in Canada, it hardly allows for much saving with the present high rents, cost of consumer goods, and so on.

The normal cost—and when I say "normal cost" it does not envisage any unusual situation as to health, occupation or anything of that nature—of $10,000 of straight life insurance for a man age 30 is $213 a year in premium; at age 35 it is $250; at age 40 it is $294. For younger people, of course, it would be less and for an older person it would increase proportionately. If this amount were allowed as a deduction from taxable income, I do not think it would make a great deal of difference in the revenue which the government would have, but it would undoubtedly encourage the purchase of life insurance by people who should have it.

If the breadwinner of the family should die, $10,000 would protect the family for a considerable time and would save them immediate financial embarrassment. That is only the immediate effect. It would also give the dependents a much greater measure of security for the future, and it would cut down certain public welfare charges such as mothers' allowances and so on.

In addition to that—and most important of all, in my opinion—if when the breadwinner died the family were to get $10,000 plus family allowance in some cases, or the old age pension at the other end of the scale, this would make the difference between bare subsistence, as is the situation at the present time in many cases, and moderately comfortable living such as the families of our young married people and our old people deserve.

If the government or rather the minister should, as I have suggested, under the conditions I have suggested, allow insurance premiums on policies to $10,000 to be deducted from taxable income, I am not suggesting for a minute that everybody would go out and buy life insurance, but I certainly think it would encourage them to do so. If the minister would consider doing this at some future time, I should like to see it tried. I think it would help to remedy a situation that needs to be remedied.

Mr. Jean-François Pouliot (Temiscouata): Mr. Speaker, I wish to join with hon. members who have congratulated the Minister of Finance on his budget. He has done exceptionally well, and his budget has been received by the press and by the people of Canada as a good budget which gives hope to the businessmen and all the people of this country.

The accomplishments of the government are so numerous and so vast, Mr. Speaker, that it would take a long time to touch on each subject. There is, however, a matter with which I should like to deal today. I refer to the social legislation of the government, which is improved at every session. Few people realize what great sums of money are paid each year by three departments, namely the Department of National Health and Welfare, the Department of Veterans Affairs and the unemployment insurance commission which comes under the Minister of Labour (Mr. Gregg). For instance, the amounts in the estimates for the current year are as follows:

1. National health and welfare ..	$ 849,736,017
2. Veterans affairs	234,477,896
3. Unemployment insurance (benefits paid to claimants)	174,730,279
Total expenditure	$1,258,944,192

These figures mean that each year the government is spending much more than a billion dollars in pensions and their administration. I wish to pay special attention to the welfare division of the Department of National Health and Welfare. The national health branch of that department spends $56,229,456. The welfare branch has a much heavier expenditure of $785,241,681, and for civil defence there is an amount of $7,001,024, making a total of $848,472,161. This does not include costs of administration.

With regard to family allowances, the amount in the estimates is $383 million. For old age security payments there is $367,600,000, for old age assistance $22,100,000, for blind persons' allowances $3 million, and for disabled persons' allowances $6 million. The increases in 1955-56 over 1954-55 are $17,600,000 for family allowances, $11,750,000 for old age security payments, $500,000 for old age assistance and $6 million for disabled persons' allowances, making a total increase of $35,850,000 this year over last year. This includes allowances to disabled persons who are very dear to my heart, because I deeply sympathize with those who have suffered

so much that they are invalids and cannot live normal lives. I congratulate the minister and the government on reaching an understanding with the provinces to pay pensions to invalids.

The amount of $35,850,000 represents the increase this year over last year. As I said before, the total expenditure of the Department of National Health and Welfare is nearly $850 million this year. It will be more than that with the supplementary estimates which will come before us before the end of the session.

In March, 1954, there were 4,942,044 children receiving family allowances. It is enormous when we think of it. In my county, for instance, the amount paid each year to the mothers for their children is about $2 million. There are 686,127 old age security pensioners in Canada, 93,273 old age assistance recipients and 8,214 people receiving blind persons' allowances. This means that in this country there are 5,729,658 people receiving a pension of some sort out of a total population of some 15 million people, and this figure does not include the disabled persons who have only been receiving allowances for a short time.

The government deserves to be warmly congratulated for having understood that in these years of the progress of human understanding it is necessary for the government to divide the wealth of the country in such a way that the less fortunate may have an opportunity to enjoy the comforts of life. To what extent? The extent is limited by the ability of the taxpayers to pay. And this is not all. This is the share of the federal government in a certain field where the provinces make other expenditures.

For instance, family allowances to mothers for their young children under 16 are paid entirely by the federal government at Ottawa. Old age pensions are paid 50-50 by the federal government and the provinces. Allowances to the blind are paid 75 per cent by Ottawa and 25 per cent by the provinces. Out of each dollar paid to the old people and the blind Ottawa pays more than 91 cents. Pensions to the disabled will be paid 50 per cent by Ottawa and 50 per cent by the provinces. Pensions for people 70 years of age and over are entirely paid by Ottawa, and the allowances paid to those between 65 and 70 are paid half by the provinces and half by Ottawa.

I am very pleased that the Minister of National Health and Welfare (Mr. Martin) has been successful in reaching an agreement with the provinces respecting the payment of allowances to disabled persons or invalids. It is important to note that these pensions are administered and paid by the provinces, who then receive a refund of half the amount of the pension from Ottawa after it is paid. This is a very considerable expenditure.

I am not so very old, but I remember the time when there were no old age pensions or family allowances. There was nothing of that kind. It is not only that the provinces are doing their share. They pay a certain proportion of the old age pension, of the pensions for invalids and for the blind. They pay a pension also to needy mothers, and they pay a lot in workmen's compensation. They have many other social undertakings which are very helpful to the people of Canada. I am very glad that the government of Canada and the governments of the provinces are working hand in hand to improve the social conditions and health of the Canadian people. Naturally it cannot all be done at one time.

Twenty-five years ago, when old age pensions were first introduced in this house, nobody would have believed that needy people between 65 and 70 would receive a pension. They would have raised their shoulders if one had told them that nearly five million children would receive family allowances. They never would have believed it. They would have found it incredible. To the blind we are most sympathetic, but it took some time to get pensions for the blind. Their case was argued in the house and in the press and people were sympathetic to them, but it was done gradually. We have reached a point unequalled in any country in the world. There is no country that has as complete social legislation as Canada has.

I congratulate very warmly my neighbour and friend the Minister of National Health and Welfare (Mr. Martin), who has worked so hard to have his point of view accepted by the government and by this house. I am very proud of him and of the officials of the health department of Quebec, especially Dr. Jean Grégoire and Dr. J. C. Beaudet, whom I know very well. Dr. Beaudet was with the health unit at Riviere du Loup before becoming assistant deputy minister in Quebec city. They have done a lot for the people of our province. I am not going to dwell on that because I want to speak particularly about the welfare side of the question. I am not so familiar with the welfare department in Quebec, but it has come to my knowledge that there are many cases in which they have done well for people who were ill.

Now, sir, what I have said is something that is general knowledge. What the government has done has not been done for political purposes, but it has been done in the good Samaritan way, just to give a hand to the

needy; to the mothers of large families; to old Canadians who had the benefit of long lives and who needed some support in their old age; to the blind, who deserve every consideration; and to the invalids. Perhaps the invalids should have been looked after earlier, but better late than never. In this case the amount paid in family allowances and old age pensions was so high it was impossible to do it all at once. All this deserves special consideration.

I am greatly surprised when some people who are heartless, who are intriguers, use propaganda to try to double the old age pension. This is a thing I cannot understand. I am in favour of as high an amount as possible being paid to the mothers of large families. Everybody is. But there is a limit that cannot be exceeded, and it is the ability of the taxpayer to meet the expenditures. Very often we have suggestions from gentlemen who want certain large expenditures made but who, at the same time, ask for a reduction in taxes. This is a thing I have never understood.

Mr. Nicholson: Would the hon. member permit a question, Mr. Speaker? Would he not have said that during the war, when the proposal was first made to introduce family allowances, it might have been argued that Canada was at war and we could not consider introducing family allowances? Would the member comment on that?

Mr. Pouliot: Well, during the war the expenditure was so large that it was unbelievable, and the purpose of the war expenditure was to protect not only Canadian children but all the Canadian people from attacks by the enemy. This was why all the money spent during the war was used for that purpose. Unfortunately the allowance was delayed. I regretted that. But if my hon. friend looks at *Hansard* he will see that I, along with others, made speeches in favour of this measure. I refer to the hon. members for Bellechasse (Mr. Picard), for Compton-Frontenac (Mr. Blanchette) and for Terrebonne (Mr. Bertrand). It was because of the repetition of our requests that finally it was granted. I must remind the hon. member for Mackenzie (Mr. Nicholson) also that the thing that touched me very deeply was the very kind words of the minister in the house, when he said that I had been among those members who had insisted the most upon pensions for invalids.

All this has been done, and as I have said it comes gradually. Is it possible to increase it? My hon. friend says yes. Perhaps he is right. He is right if he finds expenditures that can be dropped or new taxes that can be imposed on the Canadian people. If he found new taxes that were popular and that would be accepted by the Canadian people, he could increase the family allowances; otherwise he could not. If he thinks about it he will realize the soundness of my argument. The government is well disposed to give assistance to large families. There is no discussion about it. On the other hand the government cannot impose taxation so heavy that it would destroy trade and business in Canada. If we are to have revenue it must come from business in general, and business must prosper if we are to be able to pay taxation.

It is a very difficult problem, and my hon. friends should be careful when they are discussing it. There are some people who make a comparison between the indemnity of $8,000 plus the $2,000 for expenses paid to members of parliament and the amounts paid for family allowances, old age pensions and things of that kind. In the first place the indemnity of $10,000—and this sum includes the expenses—paid to members of parliament represents so small a fraction of the money spent for social welfare purposes that it is quite infinitesimal. But we do not hide it. We accept the $10,000. Are we worth it or not? That is for the people to judge. The amount of salary paid to anyone out of public moneys is not like the ages of women. It can be known; it can be disclosed. I feel no shame when I go tomorrow to get my cheque, because most of it I spend among my constituents. They get the money, and that must be the same with all hon. members.

There are some persons who agitate that the indemnities paid to members of parliament are too high. But what do they receive, themselves? I would refer to l'union des électeurs de la province de Québec, the Quebec Social Crediters. I call them crazy; they abuse me, but it makes no difference. Very often when I drive along in my car small dogs bark as the car passes, but they do not follow the dust of the car very long. And I attach no more importance to it than that. But when I see members of municipal councils who are credulous enough to send me resolutions prepared by impostors, asking that we double family allowances without increasing taxation—well, I say this is the time to tell them to stop. It is the time to open the eyes of the people, and I am going to do so.

I say that the editor of the monthly *Vers Demain* and la cantinière are exploiters of public credulity. They are impostors. Their idea is not at all—and I wish to be well understood when I say this—to have family allowances doubled; it is to double the circulation of their papers, which is something

entirely different. And I have some proof of this. One of the conquerors was silly enough to send me the receipt he gives to those who subscribed to *Vers Demain*. Naturally it is yellow. The ordinary subscription to the paper is $2, or 24 months for $4; and if one wants to become a member of the chamber of Social Credit, it is $10 a year. They get that money.

A highly respected gentleman in the province of Quebec, Mr. Abel Marion, president of the Catholic farmers' union, has authorized me to tell the house that once he held meetings at La Sarre and Abitibi, at which there were some white caps present to make trouble. He canned them, tamed them, by telling them, "We have come here to render our accounts. You never have any accounts rendered to you by the heads of l'union des électeurs de la province de Québec, and there is not only a subscription to the paper but there are also the collections taken after each meeting."

Where do the collections go? I do not know, but it is easy to guess, when we think that some years ago the editor of *Vers Demain* lost his bank book and there was $41,000 in it to his credit—collections for *Vers Demain,* collections from the credulity of the naïve people who are silly enough to give them money. It goes to support la cantinière or *Vers Demain*. That is a fine scheme; it is a racket.

They behave like the witnesses of Jehovah. They have the same tactics, and that is the reason I tell them to get out of my office. They came, just as the witnesses of Jehovah came; so much so that when I saw an old man with his white cap coming to my office I said, "Are you a witness of Jehovah?" He said, "No, I am a Social Crediter from Quebec." I said, "Well, I understand there is no difference between them."

To prove that I am right I shall go one step further. In *L'Action Catholique* of March 23 last it is stated that the Social Crediters of Quebec, I mean the white caps—who have nothing in common with my hon. friends from Alberta—met together to honour the editor of the monthly, *Vers Demain,* on the occasion of his 70th birthday anniversary with 500 new subscriptions to that paper. It was a gift. And what was the reason for the gift? The reason was that it is the purpose of l'union des électeurs to have 100,000 subscribers to *Vers Demain*. But it fell flat. They did not have as many as that. It fell so flat that some of the conquerors have resigned. They told Louis Even and Gilberte Côté that it was a racket, and that they were not going to belong to it any longer, with the result that they have lost rather than increased subscribers. In one of the last editions there is a figure of 4,025 new subscriptions. It is a fake; it is untrue. Did they lose 4,000? Perhaps but they surely did not gain 4,025, because I was credibly informed that subscriptions to the monthly *Vers Demain* are on the downgrade.

I regret very much that some otherwise intelligent men who happen to be honoured by the confidence of those who have the right to vote in municipal elections have shown their credulity to the point of passing resolutions suggesting to the government that they should double family allowances without increasing taxation. That is beyond me. I told them I presumed that next fall when they come they will not collect any money from the taxpayers of the municipality; they will find some money; they will get a recipe from *Vers Demain* to pay taxes without collecting anything from the taxpayers of the municipality.

Sir, I have been in politics a long time. As I said the other day, I have been very much abused. Sometimes I was praised, whether I deserved it or not. I have done my duty. I have done my duty to my constituents, and when I thought something was wrong I told them that I thought it was wrong, subject to listening anew to their point of view. The people cannot be fooled indefinitely. They have been fooled to a certain extent by that paper. Those who belong to that party have made fools of themselves by masquerading the whole year round. It did not bring them success. They have realized one thing, namely that the more they abuse the member for Temiscouata the less success they have. They are like a snake that destroyed its teeth by biting a file; and they will not be the better, they will be the worse for it.

In conclusion, sir, I wish to thank hon. members for their attention and to ask them to think about the large amounts of money that are spent by the government for the benefit of all Canadians of every party, of every race, to improve the conditions under which they live. This is the right way to serve the Canadian people.

Mr. J. W. Noseworthy (York South): Mr. Speaker, before turning to the subject matter of the budget I should like to compliment the government on the preliminary federal-provincial conference which ended yesterday. Notwithstanding the fact that for two or three years we have been pressing for such a conference, I am quite sure that all sections of the community across Canada will be pleased that at long last the first steps toward calling a general conference have been taken. The

very fact that top-ranking politicians in this country from five different political parties could sit down together with so much amity and agreement is an indication that we have come a long way since 1945. Some of our provincial governments certainly seem to have outgrown the somewhat childish attitude which they adopted at the conference of 1945, an attitude which said, in effect, "if you do not agree with me I will not play in your back yard."

It is very encouraging to find that in 1955 representatives of all 10 provincial governments can sit down with the representatives of the federal government and reach at least some tentative agreement. I think everyone agrees that the exclusion of the question of unemployment relief from the agenda of the October conference is a move in the right direction. We all certainly hope that before the October conference is called some agreement will have been reached under which the provinces and the federal government between them may take care of the relief of those who are unemployed.

Several features of that conference are commendable. I was particularly happy to read in the *Globe and Mail* that the Minister of National Health and Welfare indicated to the conference that the federal government would be willing to go along with the provinces on a national health insurance scheme, provided that the majority of the provinces—I suppose a majority would mean six—including one of the two large provinces would agree on such a scheme. That certainly is an advance on anything we have heard in this house on the matter of national health insurance. It would appear, Mr. Speaker, that dawn is at last breaking on that long Liberal night which began back in 1919, when national health insurance first became a part of the policy of the Liberal party.

Mr. Knowles: Thirty-six years is a long night.

Mr. Noseworthy: It is true, as the minister has informed us on a number of occasions, that these things cannot all be done overnight, but that long night would seem to be coming to an end.

There will be fairly general approval of the five topics which it has been agreed to place on the agenda of the October conference. The best we can hope is that such agreements as are reached at that conference will not be too narrow and too late to boost the sagging economy of this country.

If I may turn to the budget itself, I wish first of all to say that there are some commendable points in it. I disagree with those speakers from the official opposition who could find nothing whatever to commend in the budget, who insisted that nothing in the budget would do much good. We all welcome the reduction in the income tax, such as it is. I must point out, however, as did the hon. member for Rosetown-Biggar (Mr. Coldwell), that the minister's statement on budget night, as recorded at page 2735 of *Hansard*, seemed to inspire a little more optimism than was warranted. He told us, for instance, that the new schedule would reduce the tax payable by 12 to 13 per cent for 85 per cent of our taxpayers. That sounds pretty good, that 85 per cent of our taxpayers should get a reduction of from 12 to 13 per cent in their taxes. A little later on, as reported on page 2735 of *Hansard* he said:

> Every married taxpayer with an income up to about $5,000 will get about a 12 per cent reduction. The rate of reduction beyond this point drops off gradually until it reaches 2·8 per cent at the highest income levels.

That would seem to indicate that the budget was weighted in favour of those in the lower income groups, but if we look at the tables placed on *Hansard* by the minister, which appear at pages 2736 and 2737, we find that the picture is not too rosy for the taxpayer in the lower income groups. According to those figures, in the year 1955 the single taxpayer earning $2,000 will have a saving of $10; the single taxpayer with an income of $3,000 will have a saving of $20 in his taxes, and the single taxpayer in the $5,000 bracket will have a saving of $40.

The married taxpayers without children with incomes of $3,000, $4,000 and $5,000 will have savings of $10, $20, and $30 respectively in 1955. The married taxpayers with two children in the same categories of $3,000, $4,000 and $5,000 will have savings in 1955 of $7, $17 and $27 respectively. I merely wanted to call attention to that fact in passing. Small as the reduction is, it will be welcomed by the taxpayers across this country.

The 5 per cent reduction in the excise tax on cars will also be welcomed, and I am sure that the reduction of 2 per cent in the corporation tax on profits over $20,000 will be welcomed by the corporations. I gather from the speeches made by representatives of the official opposition that they would have welcomed a much larger reduction in the corporation tax. As far as I am concerned, and as far as members of this group are concerned—I speak now for the present C.C.F. group of 23—we question the necessity for any reduction in corporation taxes at this time, particularly when we note from the balance sheets of the corporations how good 1954 was for most of them.

We in this group approve of budgeting for a deficit. When I spoke on the address in reply to the speech from the throne I suggested that the government should follow the policy they had laid down in their white paper in 1945. At that time they indicated that while it was a good policy to budget for a surplus in prosperous years, it would be good business to budget for a deficit when the economy began to slow down.

We approve also of the notice given in the budget speech that a royal commission will be appointed to study the economic position of our country. We have long advocated economic planning, and if this royal commission means anything it means that the government at last has reached the conclusion that there must be some economic planning in our public affairs and government policy.

I was rather intrigued by the number of Conservative speakers who criticized the government because they have no economic plan at the present time, and who indicated that they thought the setting up of this royal commission was an admission on the part of the government that they had no such plan. This is the first time in my public life that I have known or learned that economic planning was part of the Conservative program as well as that of the Liberals. However, we welcome it regardless of from what corner of the house it comes.

I rise on this occasion to support the amendment moved by the hon. member for Greenwood and the amendment to the amendment moved by the hon. member for Rosetown-Biggar, the leader of this C.C.F. group. It might be well to remind ourselves of the nature of those amendments. The amendment moved by the hon. member for Greenwood will be found on page 2954 of *Hansard* of April 19. It reads:

> That all the words after "That" to the end of the question be deleted and the following substituted therefor:
> "this house regrets that in its budget proposals the government has failed:
> (a) to give effective stimulus to Canadian enterprise to create employment and opportunity;
> (b) to reduce taxation affecting those on low income and allowances;
> (c) to curb its own extravagance and inefficiency;
> (d) to recognize the serious position in which the Canadian farmer and other producers now find themselves."

The amendment to the amendment moved by the hon. member for Rosetown-Biggar, as reported on page 2958 of *Hansard*, reads:

> That the amendment be amended by adding at the end thereof the following words:
> "(e) to provide assistance to the provincial governments in order to enable them to plan their financing in such a manner as to relieve the people of this country from the crushing load of heavy municipal taxation."

While we support the amendment moved by the official opposition we do so without committing ourselves to the support of the methods suggested by official opposition speakers to implement the policy enunciated in that amendment.

From speeches by the official opposition I tried to find just what they meant by "effective stimulus to Canadian enterprise to create employment and opportunity". I went, of course, to the speech of the hon. member for Broadview (Mr. Hees). He holds an extremely important position in the Conservative party. I find that the hon. member for Broadview does not think that the income tax reductions will do anything to stimulate purchasing of our surplus goods and that he thinks that the reduction in the corporation tax is not enough to cause companies to embark on a capital expansion program, indicating that he would like to see a much greater corporation tax reduction.

Much to my surprise, he pointed out that the 2 per cent reduction in corporation tax—that is a reduction from 47 per cent to 45 per cent; in reality it amounts to about a 4 per cent total reduction—will not be passed on to consumers in the form of lower prices. That statement was a bit surprising to me. It was surprising to me that the national president of the Conservative association should have lost faith in private enterprise to the extent that he now does not believe that the corporations of this country will pass on the benefit of their tax reduction to the consuming public in the form of lower prices. If that is so, I just do not know on what logic he bases his appeal for a still larger reduction in corporation taxes.

Then on the question of the royal commission, the hon. member for Broadview was critical of the fact that the government has no economic plan. He went on to say that if the government had had its various departments gathering all this information during the past ten years, they would now have an economic plan. As I said before, we welcome the thought that at long last not only the Liberal party but also the Conservative party has come around to the adoption of that plank in the C.C.F. program which has always been a major one, namely that of economic planning in government.

Then apparently another one of the stimuli which governments could give, according to the member for Broadview, is to take some measures to lower the cost of products we manufacture. From a Conservative whose party supports private enterprise, and who is so critical of government interference with business in any form, this is a surprising suggestion. One wonders what the government

can do to lower the cost of the products that we manufacture without interfering with or exercising some control over industry, as we in the C.C.F. have long suggested.

Then another Conservative stimulus is to take some measures to ensure that more of our primary products are processed in Canada. I do not know how this stimulus can be provided by a government or a party that does not believe in interfering with private enterprise, that does not believe in the government's participation in industry or business or that does not believe in the exercise of any control by government. I just do not see how such governments or such parties can provide the kind of stimulus that is suggested by Conservative speakers for the improvement of our economic condition.

Most of those who have spoken in the debate have offered the government advice. I suppose a little more advice at this stage of the debate will do no more harm and probably no more good than most of the other advice that has come from this side of the house. I suggest—and on this I think all parties are agreed—that the condition of employment in this country is one that requires study. I say "employment", because I think the provision of employment is our No. 1 problem. I think we must think in terms of employment rather than in terms of unemployment. I think we must take the positive attitude or the positive approach and consider ways and means of providing more jobs for more people for longer periods of time.

This country just cannot afford the luxury of having 600,000 people looking for jobs and unable to find them or 600,000 people registered with our unemployment insurance commission. The waste of that manpower is a luxury that we cannot afford. Certainly it represents a condition that should engage the most serious attention of all of us, regardless of our party affiliations. The workers were told that, if they wanted increased wages, they must increase production. For some years since the war the emphasis has been on increasing production. We have been increasing production. We have increased production to the point where, in many lines, we now have more goods than we can dispose of. We have inventories piling up. We have factories laying off help and men going idle. We have reached the point where we have carried increases in production so far that we now have 600,000 unemployed. There are those who advocate, as did the hon. member for Broadview (Mr. Hees), that one of the remedies for that is a reduction in the price of commodities and the cost of production. There are those who blame our having a surplus of commodities which we cannot dispose of on the fact that we have priced ourselves out of the market and who say that lower prices would be the remedy.

I am sure those of us who lived through the thirties must realize that if the thirties taught us anything they taught us that the lowering of prices alone is not enough to remedy the kind of economic situation in which the country then was and which we are in danger of falling into again. If lowering prices was the answer to the problem, we had the answer in the 1930's. Goodness knows, prices were low enough. We must, as I have said, find some way of creating more jobs for more people, and since industry, and the manufacturing industry in particular, employs the majority of our workers we must find some means of making more jobs for more workers in more factories in this country.

There are those of course who believe that this matter should be left entirely to private enterprise, that it is not the business of the government to get into the construction field, for instance, in competition with private enterprise. I would merely point out that when the necessities of war showed that private enterprise was unable to fill the bill required of it the government, with the approval and support of electors all across the country, stepped into the breach and did not hesitate to direct and control those industries whose products were needed for war but with respect to which private enterprise had failed to fill the bill. Whether in the production of war machines, munitions, ships or whatever it was, when private enterprise failed to meet the needs of the times the government, with the approval of the Canadian public, as I said, entered into the particular field and took steps to see that those needs were met.

Today private enterprise has failed to employ all our people, or perhaps I should say that private enterprise and governments combined have failed to employ all our people with the result that we now have 600,000 unemployed. Does that not seem sufficient justification and reason for the government to undertake at this time a large-scale public works program to supplement the efforts of private enterprise, to create more jobs where private enterprise is failing to create them? It is true that some public works contribute very little to employment. I suppose the experience of the Ontario government in the past year has shown that highway construction, for instance, provides more profits for contractors than it does work for the unemployed.

But there are fields the government can enter which will provide many jobs. We need a trans-Canada highway. We have been working on the project now for some years. The

federal government has made a very generous offer to the provinces but the provinces are having difficulty with the construction of the trans-Canada highway. Some are finding the cost of construction per mile too high for them to bear under the present arrangement. Some are finding that to put their money into the construction of the trans-Canada highway will result in the neglect of many other highways in the province. I suggest this is a good time for the government to increase its share of the cost of the trans-Canada highway in order to offset the high construction costs that are slowing up the building of the highway in various provinces. That will not only speed up the construction of the highway with resulting improvement throughout the country, but it will also help to take care to some extent of the waste of manpower taking place in the country at the present time.

There are other fields. There is the question of railway grade crossings. While we commend the government for the increased support it is giving to the railway grade crossing fund, we think there is room for a still further increase in the contribution to the fund so that a very sizeable crossing improvement program can be undertaken throughout Canada. There again we would be doing something that would be useful, something that would result in saving lives, that would improve the transportation system of our country and would also be of some assistance in relieving the unemployment situation.

The third proposal, to mention only three, is that introduced in the house by the hon. member for Spadina (Mr. Croll) and emphasized by numerous speakers on both sides of the house, the initiation of a broad, imaginative plan for the building of low rental houses. If there is any one field in which the government can assist in meeting the unemployment problem, it is in the building of houses.

While Central Mortgage and Housing has done a reasonably good job within the limits of the regulations by which they are governed, the fact is that the houses which are built are beyond the reach of the people who most need houses. Today it is just as difficult for a family with four, five, or six children to find a home in Toronto as it has been at any time within the past 10 years. When a family is ejected in the city of Toronto today, it is just hopeless for that family to try to find a house that they can rent. There is a great need across this country for the kind of housing scheme that will provide houses on a large scale at a price that those in the lower income groups can rent or buy.

While speaking of a public works program, I trust that when the conference meets in the fall, and when the question of public investment and the development of our natural resources comes before that conference, some arrangement will be made and some agreement reached on the kind of public works that should be undertaken across Canada, the kind of public works in which the federal and provincial governments may unite for the good of the people of Canada. If any of these projects are to be of any use before another winter's unemployment is upon us, then we must take steps now to plan the nature of those projects, and all the preliminary matters that must be settled before the contracts can be let. It is of extreme importance that we waste no time in getting on with a public works program, at both the federal and the provincial levels, with projects of such a nature that the federal and provincial governments may combine their resources.

Another point I think that we should consider—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but I am obliged to advise him his time has just expired.

Mr. Noseworthy: I shall conclude then, Mr. Speaker. I am sorry I did not watch the clock. I shall conclude by suggesting that anything we can do to increase the purchasing power of the masses of the people, by an increase in the personal income tax exemption, by an increase in social security benefits, disability pensions, guidance allowances for the blind or anything of that kind, will help us in our present emergency. I trust that the government will not wait until fall to take some forward steps to prevent this country from falling into the condition that harassed us during the thirties.

Mr. Harris: And none more than Harris.

Mr. F. T. Fairey (Victoria, B.C.): I rise, Mr. Speaker, to take part in this debate at this time because traditionally the debate on the budget, like that on the address in reply to the speech from the throne, permits a member to range rather widely and introduce a number of topics in the one speech. Before I address myself to matters relating to the budget, I feel it is necessary to comment upon the extraordinary statement made, first by the hon. member for Kindersley (Mr. Johnson) and later, in similar language, by the hon. member for Regina City (Mr. Ellis), concerning tax reductions as proposed by the Minister of Finance (Mr. Harris).

On page 3084 of *Hansard* for April 22, 1955, in the second column, I find this:

> The minister touted the income tax reductions and pointed out how they ranged from 13·3 per cent for those in the lower income tax brackets to 2·8 per cent for those in the higher brackets,—

This is the statement which caused some of us in this corner a little concern.

> —when actually it was a 2 per cent reduction across the board. The minister placed the mirage at a distance in the hope that by the time the people became aware of the results, the matters would be forgotten.

Then, in the next paragraph I find this:

> Indeed it is nothing but deception to tell the people of Canada they are being given a tax reduction of 13·3 per cent when the tax reduction is 2 per cent and ranges in amount from $5 to $7 to $40.

The same day, a little later, the hon. member for Regina City made a similar statement on page 3113. He said:

> I wonder who the government thought they were fooling with that sort of subterfuge. No matter how you figure it out it means a 2 per cent blanket reduction across the board. The government brought this in in a deceptive manner and tried to convey the impression that there was some fairness and equity in the manner in which these reductions were being made, when all the time there was plain evidence that the income tax reductions amounted to a flat 2 per cent reduction across the board.

Now, Mr. Speaker, I point to the similarity of the statements, and there are two things to which I object. The first is the suggestion of deception and the second is that the arithmetic is quite wrong. I am sure that, at least in recent years, the education of the Canadian people has reached a point where they can do a simple problem in percentages. The example that both gentlemen used was that of a married man with two children, the first having an income of $3,000, and the second man having an income of $20,000. The first will get a reduction of $14 and the second of $354. The point is, a reduction from what? In the first case it is a reduction of $14 from $105, which is the amount to be paid in 1954. This is a reduction of 13.3 per cent because $14 is 13.3 per cent of $105. In the second case it is a reduction of $354 from $5,375, which is 6.6 per cent.

I might suggest that the hon. members have mistaken what the minister said, and I therefore refer to page 2735 of *Hansard* for April 5. These are the words the minister used:

> The method by which this result will be reached is to reduce the rates of tax payable on each bracket of income by 2 percentage points.

I suggest, Mr. Speaker, that there is a vast difference between a reduction of two percentage points in each bracket of income and a straight 2 per cent across the board. Had it been a straight 2 per cent reduction across the board, the reduction would be of course $2.08 rather than $14, because 2 per cent of $105 is $2.08. And in the second place the reduction would have been $107.50 instead of $354.

I have no quarrel whatever with the statement of both hon. gentlemen, that the minister might have achieved similar or perhaps better results in another way. That is a matter of opinion. But as an old schoolmaster I could not allow that bad calculation to go without comment; because it is likely that these speeches will receive rather wide circulation, and I thought it necessary to make the correction. As for the rhetorical question, whom the government were fooling—well, I will leave that to the Canadian people. I do not think they were trying to fool anybody, except perhaps the two hon. gentlemen.

Now a few words about the budget itself. In my opinion it is a good budget. The minister has been bold enough to reduce taxes, which will result in a sum of money approaching $200 million being added as extra purchasing power in the hands of the public. That is what hon. members on both sides of the house have been asking for. Naturally it will result in increased spending, chiefly on consumer goods. The boldness on the part of the minister and of the government will I think generate confidence and thus encourage investment and the expansion of industry. And if these results ensue, the resulting expansion in industry must in itself stimulate employment.

It was my hope that the minister would find it possible to reconsider, as a special case, the problem of the retail automobile dealers. In this regard I add my support to the views already expressed by the hon. member for Niagara Falls (Mr. Houck). In my opinion, because of the policy of manufacturers, the retail automobile dealers find themselves in a position which they cannot avoid by any action they themselves may take. Although I know perfectly well that the government is on very dangerous ground when exceptions are suggested, I do feel there is strong justification for the claim of the automobile dealers for a rebate of the excise tax paid on cars which were not sold at the time the reduction was announced. I do think, though, that the remedy lies within the industry itself. They have anticipated this kind of thing for some years past and, in my opinion, they should have worked out some way to avoid this difficulty. Surely the manufacturers and the retail dealers can devise some method by which dealers stand neither to gain nor to lose, owing to changes in excise tax rates. In the meantime I hope

the minister will take not a second look—but, perhaps it may be, a twenty-second look.

Then, something about Canada's future: We all have great confidence in Canada, and believe that we are now on the threshold of a great industrial expansion. In all provinces and from all parts of the country we hear of increased business activity, and of the projection of great enterprises. There is a bustling awareness of strong forces at work. To activate these forces the government must, as I think it intends to do, first of all create a situation which encourages the greatest possible degree of free enterprise. I do not use this word in a trite sense. I mean freedom in every possible way for the manufacturer and the individual to take advantage of the growth which is upon us. Secondly, it must reduce government controls of all kinds, including any taxes which have been thought to be crippling, and thus allow the greatest possible choice of freedom of movement both for the businessman and the individual worker.

I think the people in this country want the greatest measure of social security for those not able to look after themselves, but I do not believe they want social services so extensive as to stifle willingness to work or to discourage adventure. They want wages high enough to provide for present needs, and for savings and investment for the future.

It seems to me that industrial growth depends upon several factors, the first of which is a firm, constant and stable government policy to encourage risk capital and investment in a growing country; secondly, a high degree of skill in engineering and in industrial and personnel management—and this I believe we have; third, stable and sound relations between labour and capital; and fourth, a skilled and mobile work force. And it is about this latter that I wish to speak at some length, and to emphasize its importance as strongly as I can.

It is my opinion that our experience in wartime demonstrated, without any doubt whatever, that an industrial economy is impossible without a large body of skilled craftsmen. Whatever skills we may have with respect to finance and management, without skilled workmen we face a hopeless task. We know that for years before the first war, and between the two wars, we were content to extract from the land, sea, forest and streams the raw materials which formed the bulk of our exports. Now we demand the establishment of secondary industries. We have grown tired of purchasing back our own raw materials in the form of manufactured articles and we find ourselves in the competitive markets of the world where sentiment does not exist.

To secure a fair share of these markets for our manufactured goods and, at the same time, maintain a high standard of living as expressed in a high scale of wages, we must produce cheaper, better and more attractive goods than our competitors. This cannot be done unless we reduce the cost of production by producing goods in greater quantities, in shorter time. If we are to prosper industrially, and if we insist on the five day or shorter work week, then we must produce more in those five days than we formerly did in six days, and without any decline in quality or appearance.

At the turn of the century, when Canada emerged from a mainly agricultural economy and began to lay the foundation of a great nation with a balanced economy, it was possible only because we were able to draw upon Europe, and chiefly Great Britain, for the majority of our skilled craftsmen—we trained none of our own, or very few. The United States had done the same. Those days are over. The two wars ended all that. The trained mechanics in the older countries are needed in their own countries. So now we must do one of two things:—first, institute a vigorous campaign for the recruitment of skilled workers from Europe—and I know how far we would get if we suggested that—or, secondly, train our own.

There is no choice here. In the meantime until we can train our own we must approve an immigration policy which is selective and which will bring to this country those immigrants who can best fit into the industrial Canada that is to be. I think the Minister of Citizenship and Immigration (Mr. Pickersgill) is doing just that.

Mr. Speaker, because I have mentioned immigration, I hope I do not offend the rules of the house, if I revert to an incident, or a series of incidents, concerning a supposed statement by the Minister of Citizenship and Immigration at a meeting we both attended in Victoria during the Easter recess. Because this matter has been raised in this debate, by others, I think I may have the privilege of adding a word.

I certainly have no desire, nor is it my place, to defend any minister or, for that matter, any member of this house, for something he actually did say. That is his responsibility. But when I know for a fact, having been present at the time, that the statement, or the implication of any such statement, which has been attributed to the minister, definitely was not made, then I think it is

my duty to stand up in this house and say so. When I first saw the comments in the press, and statements had been made in this house —there was a good deal of hilarity about it because, Mr. Speaker, we did return to the house on the first day in rather a jovial mood —I thought hon. members were having a joke at the expense of the minister. But, sir, the matter has gone beyond a joke and I am compelled to say that in the interests of us all this unfair and unjustified attack upon the minister, which appeared in the press from many parts of the country, and even in editorial comment, should be answered. May I put it to my colleagues—and I am reading this because I do not want my words to be misinterpreted—this is a matter which affects us all. I know it has been said that we on this side of the house suffer from the occupational disease of being wrongly quoted; but only today we had two hon. members on the other side of the house rise in their places and complain about the same kind of thing. But that is not the case today because in no newspaper article that I have seen has any statement appeared in quotation marks, except one or two words, and then a gap. What is increasingly common, as we all know, is that in newspaper reporting, particularly of the kind of meeting that we were attending, a young reporter, in his desire to shorten his report, puts in his own words what he thinks you say. We have all suffered from that kind of thing at times.

On the whole, the newspapers do exceptionally well, but in this case they slipped. Many papers in Canada jumped on the bandwagon. What happened was simply this. A meeting had been arranged in the Oak Bay high school, at which I, as the representative of the constituency of which Oak Bay is a part, was to be the speaker. I found that the Minister of Citizenship and Immigration was to be in Victoria on business, and I persuaded him to speak at the meeting, which he did, and he made a jolly good speech, too. He did speak about immigration and he did mention Canadian babies, but not in the way it has been reported. Let me end this by reading an editorial which appeared in the Victoria *Daily Times* of Saturday, April 16, written after the adverse publicity in the eastern press, and by a man who was present at the meeting:

What Mr. Pickersgill said:

Mr. Pickersgill's speech in Oak Bay a few nights ago apparently has become something of a *cause célèbre* in national politics. The Minister of Citizenship and Immigration has been made the victim of a gross distortion in some newspapers.

He was quoted as saying, in effect, that native-born Canadians are superior to foreign immigrants. He said just the opposite, as the news report in the *Times* recorded next day.

The Oak Bay audience which heard him will remember that, choosing his words with obvious care, he said that he was an unrepentant believer in "the cradle" as the best method of increasing the nation's population. He immediately added that he did not mean to say for a moment that Canadians were superior to foreign peoples and hoped he would never be so foolish as to suggest such a thing.

He argued only that a child born in Canada could be adjusted to the ways of Canada more rapidly and completely than a foreigner who must learn an entirely new way of life. But as the cradles of Canada could not produce all the people needed in our under-populated country it was necessary to encourage immigration, which he is doing.

Few Canadians will disagree with a statement so obviously sound. Reported as it was delivered it would cause little comment and general approval. But Mr. Pickersgill reaches Ottawa to find himself quoted in the eastern press as announcing a crude racialist theory of Canadian superiority, which was the last thing in his mind.

Even though he denies such a statement in parliament, even though some newspapers have quoted him accurately, many Canadians who do not read the news carefully no doubt will continue to believe the original distortion.

This is the final paragraph, and the most important:

For this some unknown newspaper reporters are solely responsible. Their newspapers should be the first to offer Mr. Pickersgill a public apology and a full, accurate report of what he actually said in Oak Bay.

I led up to a suggestion that we had a choice in preparing for a great Canadian industrial economy by choosing between instituting a vigorous immigration policy for trained mechanics and training our own, but I got sidetracked onto this other thing.

I have given it as my firm opinion on more than one occasion that Canada must look to its own for its skilled workers. It is pathetic to ponder on the meagre efforts now made in this regard. Our universities are crowded with first-class students. The applied science faculties are crowded to capacity. Day and evening classes are offered at most of our universities in business administration, management, salesmanship and so forth. But what are we doing for the basic need, the skilled craftsmen who translate the ideas and the plans of the engineer into tangible goods? We talk very boastfully of projects such as Kitimat, steel mills on the Pacific, pulp mills running into millions of dollars, the Frobisher scheme, the great industries around Edmonton and tremendous factory expansion schemes in the great provinces of Ontario and Quebec. Where are the skilled men to come from to man all these expanded industries? Please remember that it is the unskilled man who is first unemployed. Moreover, to take advantage of these expansions, the labour force must not only be skilled but it must be mobile.

The hon. member for Cape Breton South (Mr. Gillis) breaks his heart over the plight of miners in the province of Nova Scotia, who are facing, as they must, a dying industry there. They cannot be left gazing at a closed mine; they are too valuable. Men used to hard work and anxious to continue at it must either be trained for new jobs and moved where the jobs are, or be trained for jobs in industry which may be induced to locate in their own particular districts. At any rate, Mr. Speaker, surely this is important enough, vital enough and urgent enough to be considered a federal responsibility, as it affects the whole of Canada.

What has been done? Well, I am not going to be too long over this because I talked about it during the last session. Assistance to the provinces has been provided over a period of years. First of all, there was the Technical Education Act of the 1900's, which provided $10 million over the period of 10 years, and that was the end of that. Then the depression forced the establishment of a number of vocational or shop training schemes in improvised shops for the most part, and these, together with the provincial technical vocational shops, formed the backbone of the war emergency training program and later the rehabilitation program for the veterans of the war. But, in 1942, this parliament passed the Vocational Training Co-ordination Act, which is a permissive act. It simply authorizes the minister to conclude agreements with the provinces further to assist vocational training. It tied together a number of agreements which had been in effect and authorized the minister to continue. The main agreement, which is called the vocational schools assistance agreement provided $10 million as capital grants; that is, for buildings and major equipment, and $20 million to be allotted at the rate of $2 million a year for 10 years, to be used for maintenance and operation. That agreement expired in 1953 and has been renewed for one year. That is the thing that is causing us concern at the moment. Why was it renewed for only one year? It was renewed for one year to give the federal government an opportunity to look over the situation and decide what is the best thing to do.

I have spoken this afternoon on the importance of training a skilled labour force and I want to suggest what the federal government ought to do. Some people have interpreted the action of this government in renewing the agreements for one year only as a warning that the end of federal assistance is in sight. I urge the contrary view. Surely the accomplishments of the past and the needs of the future demand, not a curtailment of federal assistance but a considerable increase if a skilled working force of our own people is to be able to man our expanding industry.

Just look around, Mr. Speaker. With the exception of a few schools like the Halifax technical school, the Montreal technical school, the Ryerson Institute in Toronto, a new school in Winnipeg, the Manitoba Technical Institute, the Calgary Polytech and the Vancouver Vocational Institute, we have not adequate training facilities in Canada. The rest of the schools of this type in Canada are simply small industrial arts shops and, as I say, these technical schools are not fully equipped to properly supply the demands which will be made upon them.

We have no school in Canada like the Massachusetts Institute of Technology and the California Tech, and dozens of others in the United States. None of the schools we have is big enough or properly equipped for the task which faces it. There are not enough of them.

Here is another point which is rather important. We have a committee on manpower working under the Department of Labour, and there is also an advisory committee on apprenticeship training. During the past session the Minister of National Health and Welfare (Mr. Martin) asked our approval for a measure to rehabilitate the physically handicapped, the basis of which was rehabilitation training. Where are those people going to be trained? Unless we stimulate the building and equipping and expansion of our vocational training facilities the provinces will be unable to carry this load alone.

This type of school is the most expensive to equip, to man and to operate; this is entirely beyond the capacities of the cities and the municipalities. I have mentioned the mobile nature of the working force that will be required and because of that I think it is a federal responsibility to assume part of the load in this regard. If there is any justification for federal assistance in any field, I submit that this is that field.

Furthermore, any agreement which the federal government may make with the province must be on a long-term basis. No city, no province can plan for education, certainly in the technical field, on a year to year basis. I was bold enough to go into the conference the other morning when the provincial premiers were making their initial addresses. I heard one say that there must be agreements for at least five years, but in my view five years is too short. I would go further and say that there should be a permanent arrangement.

Furthermore, any funds which are allotted should be adequate. I realize that that is a very loose term. I know we have had $10 million in the last 10 years for capital account, but I submit that $10 million would not do much more than build one school. There will have to be more money for capital account and for equipment and then assistance must be provided for the operation and the continuance of the work of these schools.

Lastly, and I think this is a most important thing, the funds allotted should not be merged into a general subsidy. I was a member of the vocational training advisory council, and I have also been a civil servant. I know that in a desire to simplify administration it is quite easy to suggest that it would be better to lump all this enormous number—it is an enormous number—of federal grants into one grant, and say to the province, "Here, take this and administer it yourself".

My answer is that that should not be done, for the simple reason that unless the federal grant is earmarked for a particular purpose the chances are that once it gets into the provincial treasury it will not come out in the same way and for the purpose for which it was allotted.

Therefore I am pleading that any financial arrangements made between the provinces and the federal government in connection with vocational training and technical assistance should be such that the assistance given by the federal government should form a separate fund and be kept separate from any general subsidy.

Lest I be thought to be one-sided, lest it be thought that a person interested in technical education has no interest whatever in other kinds of education, lest it be thought that one is either intellectual or not—of course I disagree with that entirely—I want to say that it was a matter of great satisfaction to me, and I am sure to all of us, to hear the statement made by the Prime Minister (Mr. St. Laurent) on Thursday last that it is still the intention of the government to recommend to parliament the establishment of the Canada Council.

While I have stressed the importance of training a skilled work force, and while I urge its vital importance, that is not to say that the more intellectual pursuits are not of equal importance. This council will be concerned with the arts, letters and sciences and it can do much to raise the cultural standards of our people so that both forms of education or training may march side by side, in no way antagonistic the one to the other but each contributing in its own way to the growth and development of a rich and satisfying way of life.

The Budget—Mr. Harkness

Mr. D. S. Harkness (Calgary North): Mr. Speaker, I wish to carry on my part in this debate in the traditional manner by taking up a totally different subject. During the past two or three weeks I have been reading editorials which have appeared in some of our newspapers dealing with the budget, and I am sure the Minister of Finance (Mr. Harris) has also. I would think that probably as a result of that reading he may be having a few doubts as to how good the budget is, although he certainly seemed to have no doubts on budget night. I should like to read from these editorial comments briefly. The first is from the Vancouver *Sun* of April 6 and it reads:

> Economic experts may now speculate about the minister's reasons for bringing down a deficit budget for what he expects to be the most prosperous year in the nation's history. Mr. Harris himself didn't say . . .
>
> Our own guess is that Mr. Harris kept mum because it would be too hard to supply a rational explanation.

The last thing I pretend to be is an economic expert. However, one does not need to be an economic expert to see some of the irrational aspects of this budget. One of the basic premises from which the minister proceeded to make his calculations and estimates in regard to what the gross national product would be and so forth was that the poor grain crop last year in western Canada was largely responsible for the decline in the gross national product, that it had had a generally depressing effect on the economy of the country and therefore was responsible for the deficit.

To a quite considerable extent that is a demonstrable fallacy. It seems to be government policy to blame the weather last year in the west for any economic difficulties which are being experienced at the present time. The Minister of Agriculture (Mr. Gardiner) set the pattern for this when speaking in an earlier debate. He said that the poor western grain crop last year was completely responsible for any difficulties in which the farmers found themselves, for the general economic picture, and so forth. In other words the Minister of Finance was simply picking up that assertion of the Minister of Agriculture and making it one of the basic premises on which he based his budget calculations.

At that time, in the previous debate, I pointed out that the Minister of Agriculture (Mr. Gardiner) was completely wrong. I pointed out that last year's bad crop had very little effect on the cash position of the farmer for the year just past and that it would make its effect felt in this present

year 1955. When the hon. member for Rosetown-Biggar (Mr. Coldwell) spoke in this debate I notice that he took up the same point and pointed out that this assumption made by the minister was quite wrong.

As the budget is based, to quite a large extent, on this demonstrable fallacy, one is led to look with the greatest of suspicion on all of the conclusions that are drawn from that basic fallacy. Particularly, one is bound to look with the greatest possible doubt on the estimate of what the gross national product will be for this present year and therefore on the estimate of government revenues which will be produced.

As a matter of fact, the poor crop in 1954 will make itself felt in this coming year, 1955, and will cause the western farmers' income to be greatly reduced both because of the fact that the crop was low in number of bushels and because it was of poor quality and will therefore bring a low price. The result of the combination of these factors is that the farmers in the west are going to have considerably less money in their pockets this year than they had last year, rather than more, and less money to put in the general stream of the economy. Unless a great deal more wheat is sold this year than was sold last year, the western farmers' income just cannot help being greatly reduced, with all of the consequent general depressing effect on the economy which the minister spoke of in his budget address.

In view of all this and in view of the poor prospects at the present time for a large increase in wheat sales this year, I think the minister's estimate of a gross national product of $25¼ billion for this year—rising, as a matter of fact, to a rate of $26 billion by the end of the year—is quite unrealistic. Similarly I think that the estimate of his deficit as being only $194 million is equally unrealistic. It is extremely difficult to see how this deficit will not be much more than $194 million. It seems to me that in his budget the minister would have been much more honest had he taken account of what the actual economic situation is at the present time and what it is bound to be as far as the western wheat farmer is concerned instead of saying: If we have a good crop our gross national product will be up, our revenues will be up and so on, and therefore I am budgeting for a deficit of $194 million. The easiest thing in the world to do is to make yourself look foolish a year from now by making predictions about what the deficit is likely to be or not to be. However, barring a war or something of that sort, I shall be greatly surprised if the minister does not have a much greater deficit than $194 million.

[Mr. Harkness.]

As the amount of grain produced and marketed, together with the price at which it is sold, has such a marked effect on the Canadian economy and therefore on government revenues, I propose to go into the present wheat situation in some detail. At this point I may say that I find that it is hard to get at what the wheat situation is at any particular time. There is a terrific mass of statistics which more or less overwhelm one when one starts trying to wade through them. In addition to that fact, the wheat board will not give out the sales figures for the current year. Hence all you can do is make your own estimate in connection with those figures, on the basis of the disappearance of wheat—figures for which are given out—and things of that sort.

Again, in addition to that, the statements issued by the government and by the wheat board from time to time seem to vary in order to make the situation appear better than it is or to make the situation appear to be what the government wants people to believe it is. An example of this sort of thing has occurred quite recently. I refer to *Hansard* for Friday, January 21. On that day the hon. member for Prince Albert (Mr. Diefenbaker) asked the Minister of Trade and Commerce (Mr. Howe) why it was that Canada's share of the over-all wheat market had dropped while the share of three other countries had increased. As reported at page 403 of *Hansard* the Minister of Trade and Commerce replied as follows:

> They may be in the records, but my hon. friend is looking at shipments rather than sales . . . It is really the sales that count.

In other words the minister at that point was maintaining that the thing that was important was the sales of wheat and that the fact that exports had dropped was a matter of no importance. He was maintaining that you really must base your calculations on the sales. Last year, when the sales of wheat were quite low, in the committee on agriculture I tried to make that very point, namely that in order to get any idea what the return to the farmers was likely to be or what the general grain situation was likely to be, we must look at the picture of sales. But, Mr. Speaker, if you look at the minutes of proceedings and evidence of the committee on agriculture and colonization for last year at page 139 you will find what was said by Mr. McIvor who was then giving evidence, and the Minister of Trade and Commerce was sitting beside him. After I had tried for a considerable length of time to impress upon him this point that sales were important and so forth, Mr. McIvor said this:

> A. Mr. Harkness does not agree, but I think the figures we should look at are the exports figures. Once you get the sales you get into a variable thing that does not give a true picture.

In other words, last year when exports were better than sales, the only thing that was important really was the exports; sales just gave you a false picture. This year when the minister says that sales are much better than they were at this time last year—but we do not know what the figures are because the wheat board will not give them out—he says that sales are the important thing and that we should not pay any attention to exports. All these things merely serve to confuse the picture and, as I say, make it difficult to find out what the situation actually is.

Subsequent statements by the Minister of Trade and Commerce and by the acting minister, in answer to questions asked by members of the house, were to the effect that the sales this year are expected to be as good as or better than they were last year. It will be necessary for them to be much better. That is, if we get a reasonably good crop this year, it will be necessary for them to be much better. Otherwise our carry-over of unsold wheat will reach a new record and farmers will be able to deliver little, if any, of this year's crop; I refer to the 1955 crop. Sales for the 1953-54 pool period—that is the last pool period, the one from August 1, 1953 to July 31, 1954—were only 271·5 million bushels. The carry-over in 1954 rose at one time to a high of 740·7 million bushels. That was in March a year ago. At March 31 this year, that carry-over had been reduced but it was still 621·5 million bushels or nearly double the average carry-over for the period from 1945 to 1953. In other words, we still have an extremely large amount of unsold wheat. We have a big carry-over. A reasonably good crop in the present year of 1955, a crop of 400 million to 500 million bushels, will mean an increase in the carry-over. At a sales rate of 270 million bushels a year, which is what the minister hopes we will reach, and provided we have a reasonably good crop of 400 million to 500 million bushels, the carry-over will increase to over 900 million bushels. If we get a crop of over 600 million bushels such as we had in 1952 and 1953, it will bring the carry-over up to over a billion bushels.

Every farmer naturally hopes he will have a good crop this year. He dares not hope otherwise, but having in mind the present carry-over, the prospect of what a good crop will do to that carry-over, plus of course the fact of the very large carry-over in the United States, he is very apprehensive as to the price he will receive for the wheat he will grow this year and the wheat he still has on his farm from the crops of last year and the year before. He is also very apprehensive as to how much of this year's crop he will be able to deliver.

Without any question, it is a very serious situation and the government deals with it simply by turning out soothing statements. That is all they do about it. They make statements which really give a wrong impression as to what the situation is. At the same time they talk about anyone who attempts to state what the actual situation is as being unpatriotic. They say he is going to spoil our markets abroad as though the people who are buying our grain do not know the situation far better, I suppose, than anyone in this house. In other words, the government says: Oh, you should not mention our large carry-over; it will discourage foreign buyers from buying. Such talk is completely ridiculous.

What the government should do is to face the situation and make greatly increased efforts to dispose of our wheat. They should also be doing something about increasing storage space, a matter I have mentioned several times during the past three or four years when we were having big crops and there was a storage problem.

I should now like to turn to another aspect of the wheat picture, and the most important one in a way as far as the individual farmer is concerned. I refer to the amount of money the farmer actually gets into his hands, which of course goes from there into the general stream of the economy through payment by him for food, clothing, machinery and so on. The amount of money received by farmers was very materially reduced during the 1953-54 pool period compared with the 1952-53 period. I should like to note what the figures were. In the 1952-53 pool the farmers received, by way of initial, interim and final payments, a total of $940.5 million. In the 1953-54 pool they received by way of initial payments $535.8 million. The only way I can get at what they are going to receive in addition is by making estimates from the wheat board reports, and on the basis of these estimates I think the amount will be approximately $50 million. It will certainly not be very much more or less than $50 million.

When the farmers get the final payment, about which the Minister of Trade and Commerce (Mr. Howe) has promised to make a statement shortly after he returns, they will have received $585·8 million, or a reduction of $364·6 million in one year. It is no wonder that sales of farm machinery, machines, trucks and all sorts of other things are very considerably reduced. The farmers have received that much less money to spend. For

the sake of accuracy, I should mention that these prices are basis Fort William. Therefore the farmers' freight costs would have to be deducted from these figures so that instead of the amount being $364 million it would perhaps be $350 million. The farmers have received that much less than they did the year before.

With respect to payment to farmers for wheat delivered, settlement has of course been made for what they delivered in previous years, but for 1953-54 they received an initial payment of $1.40 a bushel, less freight of course, and an interim payment of 10 cents a bushel. The interim payment of 10 cents a bushel means that they received another $39·8 million. Therefore out of the estimated figure of $50 million to complete payment there now remains only a little over $10 million which means, as far as I can see, that the final payment, which has been looked forward to with a great deal of eagerness and anxiety, is likely to be between two and three cents a bushel. Unless I have completely misread the wheat board report—and I am fairly sure I have not—unless some money is to come from the government in the form of an advance or wheat remaining on hand is taken at a price considerably above the current market price, the final payment, as far as I can see, would only amount to between two and three cents a bushel which, rather than being welcomed with open arms, is going to be welcomed with great gnashing of teeth.

To turn to the future, the prospects for the 1954-55 pool period are much worse. That is the period we are in right now. In other words, it is the pool period in which the poor crop grown last year is being marketed plus, of course, wheat from the other crops still unsold. The estimated western wheat crop in 1954 was only 274 million bushels. Most of it was of low quality. As a matter of fact, a good deal of it was No. 5, No. 6 and feed wheat. This wheat would bring the farmer an average of less than 90 cents a bushel as far as the initial payment is concerned. That is all the cash he would actually get in his hands. Some would get quite a bit less than that depending on their distance from the head of the lakes.

Thus it is easy to see that the cash received for wheat in the 1954-55 period will be much less than last year. It just has to be a great deal less because the amount of wheat is small, it is of low quality and the price is down. This of course will have a consequent effect on the general economy.

I should also like to say something about a fairly general misconception which exists that the price of wheat is reasonably good. This is certainly not the case as far as returns to the farmer are concerned, particularly compared with the cost of the things he has to buy. The average price received for wheat sold in the 1953-54 pool year, the one just ended, was $1.75 a bushel, basis Fort William. But what did the farmer get? That is quite a different story. I calculate that the carrying charges on the 1953-54 pool wheat sold were 21 cents a bushel, according to the wheat board report. One can calculate that the charges would be around that figure because most of this wheat was in storage about 18 months. The elevator charges would come to about 15 cents a bushel and as the wheat was bought from the farmers with borrowed money the interest charges would come to another 5, 6, or 7 cents a bushel. Therefore, taking elevator charges and interest charges, you get a cost just for carrying the wheat of something in the neighbourhood of 21 cents a bushel. This will bring the price down immediately to $1.54. From this, of course. has to be deducted the freight which would average probably 17 cents a bushel. In my own case I think the freight from my shipping point is 22 cents a bushel. The freight from some points in Manitoba would be much less than that, but I believe the cost of freight would average about 17 cents a bushel. This brings the price down to $1.37.

Now, in terms of the 1935-39 dollar, this means that a farmer is getting not more than 65 cents a bushel at the most for this wheat. This price was considered so ruinous in the thirties that as a matter of fact the Bennett government, which receives so much abuse from hon. members to your right, put a floor under wheat of 90 cents a bushel in 1935. This would be equal to a price at the present time, basis Fort William, of $2 per bushel. In other words, the price the farmer is getting in terms of real purchasing power is less now than it was in the period so frequently referred to as the dirty thirties. This is a point which I believe most people, particularly in the eastern part of this country, have failed to realize.

The returns per bushel on wheat for the 1954-55 pool, that is for grain grown last year, show an even grimmer picture. The result will not be anything like this price of $1.37 per bushel. For example, I delivered two loads of wheat from my last year's crop which made up the 300 bushels I was allowed to deliver last fall to the elevator. One load was No. 5 and it netted me 85·5 cents per bushel. The other load was No. 6 and I received 83·5 cents per bushel. This was my initial payment. On the basis of the final payment made last year I would say we are going to be very fortunate if it comes to

15 cents a bushel this next year. In other words, I think I will probably be lucky if I get a total return of $1 per bushel for that wheat. A great deal of last year's wheat crop was No. 5, No. 6 and feed—in other words very low priced wheat. The people closer to the head of the lakes, of course, will receive a few cents more.

In any event, I do not think there is any question but that the returns to the farmers on a great deal of last year's low quality crop will not be sufficient to cover expenses. Under these circumstances how much prospect is there of the farmers buying large quantities of new machinery, trucks, automobiles and such things, thus boosting the general economy of the country and improving government revenue for the year 1955? There is just no prospect of that. If we get a good crop this year, and everyone hopes we will, it will not help the cash position of the farmers in 1955 very much. The elevators are filled with grain, and they will be filled when this new crop starts to come off. Thus, the farmers will be able to deliver only an extremely small amount which will not enable them to cover their harvesting expenses. The cash position in 1955, therefore, will not be benefited to an appreciable extent even if we get the best crop we have ever had.

Well, Mr. Speaker, I am not preaching blue ruin. I am quite certain that western agriculture will come through these difficulties and that the grain farmers of the west will continue, as they have in the past, to be one of the mainstays of the Canadian economy. However, the economic picture for this year is anything but the rosy one which the Minister of Finance (Mr. Harris) painted. I believe he would have been better advised to take this picture into account, rather than base his budget on vague hopes, and base his estimates on those hopes.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. A. B. Weselak (Springfield): Mr. Speaker, I listened with considerable interest to the remarks of the speaker who preceded me, the hon. member for Calgary North (Mr. Harkness), and particularly when he pyramided figures of wheat board costs of operation per bushel. He stated he was not too sure of some of his figures; but if he had examined the wheat board report for the crop year 1953-54 he would have found that the receipts of the board were 398,031,819 bushels. He would have found that the cost of operation, including carrying charges, terminal storage, interest and bank charges, handling stop-off and diversion charges, drying charges and administrative and general expenses totalled $35,767,299.77. It would have been a simple matter of mathematical calculation to arrive at a figure of less than nine cents a bushel as the total cost chargeable to farmers in that pool.

In entering this debate I propose to restrict my remarks in the main to aspects of the budget which relate to our international position in the matter of trade. Before doing so I should like to comment generally upon the budget as a whole and to congratulate the Minister of Finance (Mr. Harris) upon the responsible approach he has taken in preparing his first budget and the capabilities he displayed in presenting it.

The past year has seen a drop in the gross national product of 2 per cent, which has reflected itself in loss of national revenues and a resulting deficit in the past year. This drop, as has been stated, was mainly due to a poor crop in western Canada which has resulted in a slowing down of economic activities by reason of the fact that farmers curtailed purchases last year when they saw their crop deteriorate owing to the weather. To help accelerate recovery from this situation, which in the past few months has shown signs of improvement, the tax reductions in the budget are welcomed; and while their effects may not immediately be obvious they will no doubt have the effect of encouraging economic expansion and stimulating business activity in this country.

I see nothing seriously wrong with limited deficit financing in times when a lift is needed to stimulate activity and relieve unemployment. Every prudent person believes in accumulating for the time when he may be short. From 1945 to 1954 substantial surpluses had accrued, when times were buoyant. Now it is only common sense if necessary within a limited degree to budget for deficits when economic conditions warrant such action. We have heard the criticism that we are borrowing on the future. It can be just as well said that we are cashing in on the past, when surpluses were budgeted for and did accrue to the treasury.

As to the relief given, income tax reductions will provide additional purchasing power. Added stimulus will be given to corporate investment by the slight reductions in corporation taxes. The reduction of the excise tax on automobiles will leave further purchasing power available and assist the automobile industry. Reductions in tariff items on agricultural items will also reduce

the cost of farm operations. These concessions were well placed, and all will help the expansion of economic activity in the country and so promote employment.

In the amendment proposed by the official opposition we find the charge that the government has failed to recognize the serious position in which the Canadian farmer and other producers find themselves. I stated at the outset of my remarks that I intended to direct my remarks to our trade situation, which I presume is the item of government activity at which this charge is levelled.

In the course of this debate and others we have heard from opposition benches charges to the effect that Canada has lost her British market, and also to the effect that this government has callously ignored the difficulties of certain industries in which unemployment exists, and that it has failed to provide adequate work for these people and their employees.

The reduction of our sales to Great Britain has been the result of many factors. In the debate in reply to the speech from the throne I drew attention to the fact that the comparative prices of agricultural products laid down in England by other countries were substantially lower than prices existing in Canada for the same products. I expressed the opinion that this competition could only be met by export subsidies or substantial reduction in domestic prices.

There is however another reason for the drop in our exports to England, and this applies not only to England but to all countries with which we have trade relations. And that is the practical problem of balance of trade.

Our goods can only be paid for by buying the goods of others, in the field of international trade. The hard fact is that we either take goods in payment or cease to exist as a trading nation. We cannot eat 400 million bushels of wheat, consume $915 million worth of pulp and newsprint, or our mineral production. Unless we can dispose of this production we cannot pay the producers of these commodities and they in turn cannot pay those employed by them and those who service them and supply them with equipment and materials.

We have repeatedly heard the argument in this house "Let us bar foreign goods and make work for Canadians". This would be all very well if we were a self-sufficient nation and independent of world trade; but we are not and therefore must be realistic in our approach to the problem. And it is my observation that this government, in spite of most pressing demands from the opposition and many industries, has resisted, in the interests of our Canadian economy, these demands for more protection which would have the effect of barring foreign imports and of increasing prices to consumers.

In specific cases and on particular merit, adjustments may be necessary and advisable; but any broad blanket advocation of higher protection is certainly not in the national interest.

Particular reference in this debate has been made to the textile woollen industry and to the unemployment resulting from British competition, and the inference has been left to the effect that the government has given no consideration to this problem.

In all fairness, I believe that the record of this government in this regard should be brought to the attention of the public and in the limited time available I propose to deal with this matter.

On May 12, 1954, as a result of numerous representations from the woollen industry and those dependent upon it, the former minister of finance directed the tariff board to make a study under the Tariff Board Act of item 554b of the customs tariff, which provides for a tariff on woven fabrics composed wholly or in part of yarns of wool or hair n.o.p. a British preferential tariff of 20 per cent, and 12 cents per pound but not to exceed 50 cents per pound.

As a result of this direction, hearings were held in Ottawa and a number of plants were visited by the board and their economists. Appearing before the board were representatives of the Canadian industry, of the British wool industry, boards of trade of communities affected, agricultural associations, manufacturers, consumers and others. In all, 58 associations, companies and organizations submitted evidence or made representations.

The evidence indicates that those appearing before the board realized the seriousness of the woollen textile situation, sympathized with the workers who had lost their jobs, with the communities affected and with those who had invested their savings in the plants which have been closed. Nevertheless, it was the belief of many that the practice of helping a languishing industry by increased tariff protection, when other causes were the main contributing factors, was not sound.

In the direction to the board, in addition to requesting all relevant information concerning the woollen industry, the minister also requested all relevant information concerning as well the implications for the Canadian economy of imports of wool fabrics from the United Kingdom.

In the evidence submitted it was shown that our imports from England in 1952 were

roughly $360 million; in 1953 $453 million, and the latest information indicates that in 1954 they had dropped to $392 million. Of these amounts, in 1952 woollen textiles accounted for $29 million; in 1953 for $38 million and in 1954 to a lesser amount averaging in recent years about $33 million a year, or about 12 per cent of the total earnings from sales of British goods in Canada. Our exports to the United Kingdom fell in 1954 to $652 million from $665 million in 1953.

The board therefore had two directives: first, to determine whether tariff item 554b was the cause of the difficulty in the wool cloth industry and, secondly, to inform the government regarding the implications a tariff increase might have on our trade relations with the United Kingdom.

In the hearings before the board, the industry and its supporters including suppliers of material, technicians, labour unions and some municipal authorities, argued that the real cause of the disaster that had overtaken the industry lay in the devastating effect upon prices in Canada of competition from British producers and the increased volume of their shipments to Canada. On the other hand, opposing parties, particularly the national council of clothing manufacturers of Canada, the United Kingdom wool textile delegation, the Canadian Federation of Agriculture and the interprovincial farm union council contended that although there were other causes, the major cause of the difficulty in the industry was the declining total demand in Canada for wool cloth, and that the import of British wool cloths, as such, was not the main cause of their difficulty.

The board report discloses that since 1948 there has been a drastic decline in the total consumption in Canada of wool fabrics, a drop from 47.5 million linear yards in 1948 to an estimated 31 million in 1954. In the war years and to 1948, demand was strong and the industry thrived, but by 1949 the demand began to decrease. The outbreak of the war in Korea, however, led to increased production and prices and by March, 1951, wool prices had risen three times higher than in June, 1950. This was followed by a drop in price by September of the same year of 64 per cent. Large inventory losses were sustained, weakening the financial position of the industry. In 1952 demand dropped still further, plants were forced to shorter time and employment declined considerably. In 1953, some improvement was noted which carried into 1954.

The report then proceeds to discuss the factors which contributed to the decline in demand, such as changes in type of demand, production of worsteds, cloths, woollens and blends.

In their reference to the 17 closed mills, the board expressed the opinion that their closing was probably due to a combination of factors, stating that there was no doubt that the management of some of the older mills, of which there were 11 closed, were not as alert and efficient as they should have been. Old machinery had not been replaced as it depreciated; often no salesmen were employed to meet competitive markets in recent years and, finally, they had failed to adapt production to changing demand.

The findings of the board regarding wages and employment were to the effect that in the industry labour is a substantial item in the cost of production. They found that despite substantial increases since the end of the war, wages were comparatively lower than those paid in other manufacturing industries, the average wage being 111.7 cents per hour in the industry as compared with 141.7 cents per hour for manufacturing generally. To meet the problem of high labour costs, production must be efficient. Manufacturers must take advantage of latest improvement in equipment to make possible considerable reduction in labour costs. The report indicates that full advantage has not been taken by the industry of technological changes which would have a marked effect in making the industry competitive.

The brief of the Canadian Federation of Agriculture points out that productivity in Canada per man hour over the past 30 years has increased about 2 per cent per annum compound rate. On this basis, the production per man hour in the woollen industry should have reached an index of 132 in 1953 instead of 111. It is significant to note that while the productivity per man hour in the woollen industry stood at 111 in 1953, the real wage index for the industry stood at 155.

In examining the financial position of the industry, the board found that from 1939 to 1950 the industry had been profitable. In 1951 and 1952 severe losses were evident in the companies examined and it was evident that a substantial portion of the industry was in serious difficulty. The closing months of 1954, however, showed an upswing in activity and it appeared that this trend would continue.

The report discloses that approximately 1,450 workers had lost their jobs as a result of closed mills, and estimates that 2,800 had been laid off in the period 1949 to 1953, many of whom had found other employment.

After examining conditions in the industry, the board report proceeds to cite and examine

the causes of its present difficulty and classifies them under the following headings:

1. Decline in the demand for cloth containing wool.

2. Competition from synthetic fabrics.

3. Expansion of production facilities in relation to markets.

4. Merchandising policy of the industry.

5. Competition from British wool-cloth exporters.

The board expressed the opinion that the decline in the demand for cloth containing wool had been the most important single factor contributing to the present state of the wool cloth industry, demand having dropped in 1952 by 42 per cent of the 1948 peak and risen in 1953 to a drop of 36 per cent. They attributed this drop mainly to competition from synthetic fabrics, which in many cases have replaced woollens, generally are less expensive and not subject to wide price fluctuations.

Regarding the third item, "expansion of production facilities in relation to markets", the board found that following the war, plants were in a run-down condition. Demand was still heavy, with the result that surpluses previously accumulated were used up to re-equip and expand plant facilities in order to meet a market starved by war restrictions. When in 1948 demand decreased it was found that production facilities exceeded the market, competition for available markets increased, prices fell and only the most efficient producers could carry on, and some plants were compelled to close their doors, or operate on part time.

As to the styling and merchandising policy, the board report indicates that considerable criticism was levelled at the industry by manufacturers and consumers for their failure to change styles rapidly enough to meet changes in demand. Apparently, there has already been considerable improvement in the quality and style of many lines of Canadian production as a result of this experience, but markets were lost in the meantime.

Regarding merchandising, the criticism was that the industry had failed in their promotional campaign of Canadian-produced woollen goods, particularly in making Canadian consumers aware of the quality and good value of Canadian wool goods and in following up this campaign with a system of labelling to prevent misrepresentation. The report in all fairness indicates that until 1951 this was a minor problem, and that the Canadian manufacturer now realizes that he must ally quality production with an active sales policy if he is to hold his market.

[Mr. Weselak.]

The final important cause of the industry's trouble, "competition from British wool fabrics", was the main reason for the inquiry since, in its final submission to the board, the wool cloth industry had maintained that, owing to price competition from the United Kingdom industry, its continued existence was in jeopardy.

Of the total decline in the market from 1948 to 1954, which is estimated to have been about 16 million yards, Canadian production was decreased by 11·5 million and British imports by 4·6 million. In all sections of the market British imports had gained ground, but not to the extent that had been generally the belief, namely, 7 per cent in blends, 10 per cent in woollens, and 23 per cent in wool worsteds. This bore out and confirmed the board's deduction that much of the present difficulty was not the result of British competition but rather owing to the general shrinkage in demands for woollen cloths.

In examining the effective rate of duty, the board found that in 1954 the percentage of value for duty was three-tenths of 1 per cent lower than 1948, despite reductions in price, which would indicate that the 50 cent maximum tariff had become the governing rate in most cases, resulting in effect in a specific duty on the commodity. In view of these and other considerations, the board arrived at the conclusion that the effective rate of duty, per se, could not be considered as a cause of the industry's present difficulty, but on the other hand they did not deny that the competitive position of the British and Canadian industry had not changed since 1948.

As a matter of fact, the report points out that Canadian labour costs are 50 per cent higher than those in the United Kingdom, putting the Canadian manufacturer at a disadvantage which requires him to reduce labour costs by increased use of labour-saving machines, higher work loads and more efficient planning and operations. The industry is to be commended on recent reports to the effect that cognizance has been taken of this aspect of the problem and that it has been met in many ways.

The report concludes with the observation that rising wage rates and shrinking production have combined to increase the unit costs of Canadian cloth in recent years, with the result that in spite of a corresponding rise in British costs our competitive position has deteriorated.

In summarizing their report, the board had this to say on page 47, which I think is worthy of record, and I quote:

From the board's inquiry into the state of the wool-cloth industry, the following salient facts have emerged:

1. The total demand in Canada for cloth containing wool has fallen drastically since 1948. The effects of this decline in demand, per se, appear to have been more severe on the woollen than on the worsted section of the industry.

Among the factors contributing to this shrinkage of the market have been:

(a) the rise in wool prices, 1950-51, causing later inventory losses to the industry and, by the same token, initiating consumer resistance to increasing prices of wool clothing;

(b) the growing competition of the domestic synthetic industry, which competition seems to be impinging more on woollens than on worsteds;

(c) the competition of consumer durable goods for consumers' dollars, resulting in consumers spending a decreasing proportion of their income on clothes and personal furnishings.

2. As a result of the fall in demand, the Canadian market for cloth containing wool has become increasingly competitive; moreover, in recent years British competition has been exerting a strong influence on the level of prices for wool cloths. This influence appears to be stronger in the worsted section of the market.

3. Rising wage costs and shrinking production have combined to increase the unit cost of Canadian cloth in recent years. In spite of rising British costs this is still considerably higher than that of British exporters.

4. The effective rate of duty on wool cloth has shown little variation since 1948 and, per se, cannot be considered a cause of the wool cloth industry's present malaise.

Three of the four facts above stated—the shrinkage in total demand, the downward trend of prices, and the rising costs of Canadian producers—when taken together constitute the background to the picture that presented itself as the board's inquiry progressed. They help to explain two further and resultant facts: that employment has fallen, and that some sections of the industry have been and still are in financial distress. Equally, however, they suggest at least that some mills which are responding to the challenging situation will continue to hold their own; and that among those which appear unable to do so further mortalities would seem inevitable.

Hon. members will recall that in December of 1953 Bill No. 29 passed through this house to prevent end of line dumping in Canada, particularly of textile goods. It passed against the vocal protest of some members and with considerable concern on the part of others. Many thought that this was a retrograde step in our efforts to increase our international trade upon which we are so dependent. Recognizing the fact, however, that this type of competition was almost impossible to meet and that the industry was in difficulty the bill went through and became law. The industry, however, felt this was not enough and the result was the reference I have referred to and the board's subsequent report which attributed the difficulty to internal competition in the main rather than to imports.

We have heard complaints in this house and in the country of United States nonadherence to the principles of GATT in its establishment of quotas and import restrictions. Usually the United States has good reason for these actions, and a great deal of consideration by their tariff authorities is given to each problem as it arises. The practice in Canada of referring these matters to the tariff board is to be commended and should be continued. Tariffs should not be imposed merely as a result of political pressures to the detriment of the country as a whole and this report is a classic example of the inadvisability of accepting the principle or theory that tariff protection is the only solution to a problem of this nature. This item is also bound by GATT and only the most serious considerations should result in its disturbance.

Hon. members may often wonder why western representatives, be they farmers, business or professional men, are and always have been advocates of low tariffs. The answer lies in the fact that we recognize our dependence on exports. We recognize the fact that this is not only a prairie problem but a national problem. We know that, if we are not able to find remunerative markets for our surplus production, the farmers' and primary producers' purchasing power is cut down. The effect in the cities, towns and villages in these communities is immediately apparent but it does not stop there; it moves to eastern Canada where much of the industry of the country is concentrated, and they too feel the pinch.

It can be said without hesitation that most of the economic difficulties experienced in this country today can be attributed to the decline last year of grain exports to England of almost $300 million and to a loss of crop value this year as a result of weather of a sum similar in amount. Our economy depends upon export of primary products and to a limited extent of raw materials and toward this end this government has done a tremendous job of saving GATT, which has served us so well in restraining other countries from indiscriminately imposing import quotas and prohibitive tariffs against entry of our products. The attitude of the United Kingdom may be gathered from a report in the Winnipeg *Tribune* of April 13 of this year, which states:

British Labour party leader Clement Attlee said today his party would favour Britain's re-entry into the international wheat agreement but only under certain conditions.

Mr. Attlee hinted that one of the conditions would be for the countries that sell Britain wheat to buy more goods from Britain.

And he is directly quoted as saying:

But we also want to sell goods. It depends on whether the people who want to sell us wheat are prepared to buy our goods.

Here we have one of the answers by a responsible statesman from the United Kingdom giving an indication of what an increase in tariff may do to our British market.

The woollen textile industry has asked the government of Canada to abandon its liberal international trade policy which it has been attempting to establish before and since the inception of GATT in 1948. They have asked that protection against British woollen cloth be increased so that British imports will be reduced, hoping that more Canadian wool cloth would be sold in Canada and less British and that more employment would be created in Canada for workers in woollen goods factories. They have asked for what appears to be a simple solution to a difficult problem.

The problem, however, is not that simple. The granting of protection, while it may have temporarily eased the difficulty, would not have provided the solution, and the report so indicates. The real problem to be faced by the industry is the decreasing demand for the product, resulting mainly from competition with synthetics and the need for increased efficiency to levels higher than those achieved in recent years.

Supposing this government had acceded to the request of the industry for a prohibitive tariff, what would have been the results? In the first place the price to the consumer would have increased with the result that there would have been a further swing to synthetics, a swing which was experienced when woollen fabrics reached their high early in 1951. Any decline in the consumption of woollen goods would affect the Canadian industry to a greater extent than it would affect imports. Earlier in my remarks I pointed out that from 1948 to 1954 the market declined by 16 million yards; of this decline the Canadian industry lost 11·5 million yards and importers 4·6 million yards. It is therefore doubtful whether an increase in tariff would help the industry. On the other hand, it might well have the effect of further reducing consumption to the extent that the industry would be in far more serious trouble.

Secondly, granting higher protection to the woollen industry would lead other industries to consider such action as a strong precedent and pressures would be exerted by many industries experiencing difficulty for further tariff protection. Canada has been a leader in more liberal international trade policies, and any change in our position would strengthen the force in countries which seek to reverse the trend toward greater freedom of international trade.

And, finally, the problem of shortage of dollars which at present limits British purchases in this country is not an academic one, as is well illustrated by the British Labour party leader's remarks which I have just quoted. It is a cold hard fact and something which is well known by the farmers of Canada and other producers who look to the British market to sell their surplus products. A reduction in British exports to Canada as a result of higher tariffs would put into reverse a policy which aims at bringing the day nearer when the pound sterling would be freely convertible and British import restrictions removed. It might be of interest to members to know that the textile industry in England is also in difficulty. I have here a Reuters dispatch which appeared in the Winnipeg *Tribune* on April 22, which is headlined:

Lancashire Mills Fight to Survive.

Fewer wheels are spinning in the mill towns of Lancashire, where Britain's industrial revolution was born a century ago.

Unemployment is mounting.

Cause of the trouble is increasingly stiff competition from India and Japan, who learned many of the techniques of mechanized textile production from Lancashire.

Their goods, produced with a lower labour cost, are underselling Lancashire textiles overseas and even on the British home market.

Extended stoppages which began before Easter affected nearly 40,000 textile workers and there are widespread fears the unemployment will increase.

Many workers are leaving the industry fearful that unemployment will be chronic. The cotton board disclosed recently that in two months this year 4,000 textile workers left to find more secure jobs.

Indications are that many more plan a switch, even if it means taking lower wages.

The industry as a whole is critical of the Conservative government for not taking action on proposals by employers and trade unions to counter the effect of foreign competition.

But some relief was afforded this week in the budget which cut purchase tax on household textiles.

Walter Lee, secretary of the Oldham operative spinners' association trade union, said: "Confidence in the trade is lacking. Buyers are holding off placing orders except on a hand-to-mouth basis".

Here we have the type of criticism levelled at a Conservative government which a Conservative opposition in Canada sees fit to level at the Liberal administration.

In concluding, Mr. Speaker, I would draw the attention of the house to the closing remarks of the Canadian Federation of Agriculture contained in their brief to the tariff board, which I believe touches the root of

the problem and suggests a possible remedy. I quote now from pages 27 and 28 of the brief:

As we said in our opening remarks, we fully realize the seriousness of the present woollen textile situation. We sympathize with the distress of workers who have lost their jobs, of small towns which have felt the loss of business from unemployment and of businessmen who have invested their savings in these plants which have been closed. In spite of this we do not believe it is sound to attempt, by increased tariff protection, to restore the industry to its post-war high volume of activity.

Up to this time the usual way to help a languishing industry has been to increase its tariff protection. However, we believe that it is time a completely new approach is made to problems of this nature. We believe that where it can be shown that due to fundamental and rather rapid changes in economic conditions an important industry is in serious distress, then the government should accept some responsibility to aid the industry, and especially the employees and communities adversely affected, to reorganize on a sound basis to meet the problems of the changed situation.

There are probably a number of ways in which this responsibility can be discharged. We will suggest one possible line of approach here.

It may well be that careful examination will show that some of the plants now closed would be able to re-establish themselves in the same towns by producing products in which they have a greater comparative advantage than in woollen cloth production.

We would point out that there are precedents for government assistance in the reorganization of industries which face fundamental and permanent changes in economic conditions. An example of one is the re-organization of the apple industry of the Annapolis valley of Nova Scotia, which we have cited.

Higher tariffs are a burden on consumers every year. Government financial assistance for reorganization on a sound economic basis need only be provided once. Such a policy we believe would be in the national interest and very directly in the interests of the employees, the employers and the towns which are presently in distress.

We put this suggestion forward for consideration believing it to be a more reasonable and sounder solution to the problem than either the proposal of higher protective tariffs or a policy of allowing the economic law of international comparative advantage to take its full toll of an ailing industry.

A lesson might possibly be taken by industry from a Chicago industrialist who appeared before the ways and means committee of the United States congress, which comment appeared in the Winnipeg *Tribune* on April 8, 1954, as taken from the *Globe and Mail*. The comment reads:

A Chicago industrialist who has found a stable market for his products against Japanese competitors who pay only one-eighth of his labour costs, Charles H. Percy, laid bare for the ways and means committee of the congress at Washington the story of his company's progress in cost-cutting, product improvement and maintenance of profits, in the face of severe competition from Germany, Japan, England, Switzerland, Austria and Belgium. In one instance his company's competitive bid on tenders open to the world for camera lenses still would have been lowest—and profitable—without the allowance made for tariff protection.

As a manufacturer of photographic equipment, Mr. Percy's firm has had to meet all the post-war hazards to international trade in their most severe form. It has not been content with revolutionary reforms in production techniques at home. It also has engaged in a form of capital export which shares with foreign collaborators the advantages of those reforms. Annual sales of the company are in excess of $40 million—and he still wants congress to go all the way in the Eisenhower freer trade program.

The climax of Mr. Percy's statement was that these results arose directly from the influence of severe competition, and that it is doubtful whether the new techniques of his firm ever would have been developed without that spur. He now frankly welcomes the opening of the United States market to all comers in his field. If he cannot compete in a certain line, he will abandon its production and let the foreign producer have the market. He did just that in one instance, after taking a loss of a million and a quarter dollars. He holds that this course is good for his industry, for the national economy, and for the promotion of profitable foreign trade in general.

Mr. Percy's all-out advocacy of President Eisenhower's program for freer world trade is thus the result of practical experience as a successful world trader in one of the most competitive of all international industries. His story is one of the most impressive documents in the contemporary economic record. It is recommended without reservation to academic and practical economists, government planners of trade and fiscal policies and to industrialists generally. It is a complete answer to the problem of successful competition.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I had prepared a talk on the contents of the budget. However, after hearing what to the people in my area is an announcement of such great importance this afternoon, I am pleased that a little bit of leeway is usually allowed in this debate to enable members to express a few opinions on other matters.

I should like to take this opportunity to express the appreciation of the people of my riding—and I think I also speak for the people of a goodly number of other ridings in the area—when I express our gratitude to the Acting Postmaster General (Mr. Pickersgill) for his statement this afternoon with regard to the four-cent letter rate in the Vancouver metropolitan area and also with regard to the Burnaby postal services. We therefore are now at the beginning of obtaining an equal deal as compared with the people of the metropolitan areas of Toronto and Montreal. We feel that there are other services which these two older metropolitan areas are receiving; and in time I have no doubt that the members of parliament will be asking for those other privileges.

The four-cent rate means a great deal to the people of the immediate lower mainland. I spoke to one official of an organization that does not send out many letters. I refer to the New Westminster local of the International Woodworkers of America. Their

office management informed me that the four-cent letter rate would, if implemented, save them in the neighbourhood of $300 to $400 a year. This action means actually hundreds of thousands of dollars in savings to the people and the commercial concerns of the lower mainland. It is therefore no mean announcement that we heard this afternoon.

I realize that the decision was made only very recently, and I believe that the Acting Postmaster General has neglected to include in the area that he designated such smaller points as Port Moody, and Port Coquitlam. I have no doubt that he will see fit to include those points in the four-cent letter zone very shortly.

We have received something that is as important to us in Burnaby as is the four-cent letter rate. We have received recognition of the name of Burnaby. We never found much to complain about with regard to the postal services in our area. We feel that the administration has been good, considering the problems that have had to be met. We have every confidence that the administration will continue to be at least as good as it has been in the years gone by. In fact, the Postmaster General (Mr. Cote) assured us some time ago that no changes would be made that would make any less efficient the postal services that we have been getting. It is now up to the deputy minister and his staff, as responsible civil servants, to see to it that the policy announced this afternoon by the Acting Postmaster General is carried out as efficiently and as speedily as possible.

I have not a doubt in the world that the mayor of New Westminster would have a good deal of advice to offer to the deputy postmaster general on how he is to administer the new set-up. However, in view of the deputy's experience during the past several weeks, I would advise him not to pay too much attention to the head of the city government in New Westminster. He might ask for the advice of the elected municipal officials of Burnaby which, after all, has almost three times the population of New Westminster. When the Acting Postmaster General was answering a question of the hon. member for New Westminster (Mr. Hahn), I think he was not aware of what happened last year when the postage rates were changed. At that time the rates of postage for the rural routes were not raised, and I hope I am safe in saying that the rural routes will also be getting the same four-cent letter rate. If he will look at last year's amendment to the postage rates I think he will agree with me.

I should like at this time to pay a heartfelt tribute to the role played in obtaining what we were after by the hon. member for Burnaby-Richmond (Mr. Goode). Even though he recently threw a little bit of political mud at me back home, I nonetheless feel that he has rendered unique service as a Liberal member of parliament and I should like to hold him up as an example to a lot of other Liberal members of what a forthright rank and file member of the Liberal party is able to accomplish if he is willing to stand on his own two feet and not obey the dictates of the party machine.

Mr. Goode: May I interrupt my hon. friend to say that is most kind of him and I appreciate it very much.

Mr. Regier: Here was a case where a political machine, whose spokesmen were the mayor of New Westminster and, I regret to say, an hon. member of the other place, was doing its utmost to undo the worthy efforts of the hon. member for Burnaby-Richmond. I know that the people back home are not going to forget easily how the hon. member for Burnaby-Richmond finally won out after hewing honestly to the line on this matter. I think a great deal of credit is also due to the South Burnaby board of trade who have worked in very close co-operation with the two members of parliament from Burnaby. I know that the North Burnaby board of trade will also be happy about the institution of the metropolitan postal system. In my view Burnaby, as an entity in Canada, has at last been born. It is a new Canadian baby, if you like, and you will be hearing a lot about it in years to come.

I think I should also thank the hon. member for New Westminster for his co-operation and in return offer him my co-operation in some work he is attempting to do. At least, I hope he is attempting to do it. I refer to the cleaning up of the nest of Liberal corruption that exists in his city and has existed for quite a long while. In my opinion one reason why the Liberal party in British Columbia is rapidly going the way of the Liberal party in Saskatchewan is that the people there are fed-up to the teeth with the old type of pork barrel politics that has been responsible for keeping this government in office for so long. I only hope the day is not too far distant when the people of central Canada will also be thoroughly fed up.

I notice that the Minister of Transport (Mr. Marler) is in his place. I know he is considering an auxiliary airport for the lower mainland of British Columbia. Someone has advocated that my riding might be the site of such an airport. I have the advice of the Coquitlam municipal council when I say

that I do not want an auxiliary airport in my riding. I shall be very happy if the Minister of Transport will agree to the demands of the member for New Westminster and see that such an airport is established in the riding of New Westminster.

Discussion so far in the budget debate has largely revolved around the subject of income tax. I believe the income tax was first introduced in Canada as an emergency measure during the first world war. However, after that war was over the income tax was not removed. That was the time I began to hear about such things as income tax, and I still remember the explanation given to me of what an income tax is. I was told that an income tax was a means whereby the federal government took money from those who had more than enough to meet their needs and used it in order to help that section of the population that had less than enough to meet their needs. I always looked upon that as a great thing and a worth-while measure.

When the second world war came we of course used the income tax for various other purposes. We used it to reduce the amount of consumer spending. We lowered the exemptions greatly in order to pay for the war effort as far as possible. However, when a single man earning $1,000 a year has to pay income tax today or a married man earning as little as $2,000 has to pay income tax, the tax has lost its original intent. It is no longer a tax taking money from those who have more than enough in order to help those who have less than enough. When you tax the below average wage earner in Canada you cannot say it is a tax used for the distribution of wealth in the nation. It is taking money out of one pocket of the taxpayer and, minus the cost of administration, placing the net returns in his other pocket. It is robbing Peter to pay Paul. I do not favour that type of income tax, and in levying it I think we should get back to its original intent.

I should like to say a few words about the reductions that have been announced. I fail to see why some people with incomes in the neighbourhood of $7,000 or $8,000 a year should receive a tax reduction of $100 or more whereas other people receive a mere $3, $4 or $5. I think the people who need a tax reduction most, who need the greatest number of dollars in their pockets, are the people in receipt of low incomes. I think the method adopted whereby much help is given to those who do not need help and very little help, if any, to those who need help has done nothing to add to the purchasing power of the Canadian people. If people with incomes of $7,000 or $8,000 pay $100 less in taxes next year they will not use the $100 to add to their purchasing power. If they do anything at all with it, they will add it to their savings. In my opinion raising the basic exemptions would have been much more equitable and would have served a much more useful purpose. All income tax payers would thereby have received an equal tax reduction and the purchasing power of the Canadian people would have been enhanced.

What about the tax reductions that have been given Canadian corporations? I maintain that the tax reduction granted is not going to help any plant or industry facing difficult times to remain open. After all, when corporations make no profit they do not have to pay income tax at all and when you reduce the taxes only for those corporations whose net income is over $20,000 a year, you are not helping one single industrial enterprise to remain in business. You are not supplying a single unemployed man with additional employment. You are not protecting the employment of any of those who are now employed.

These tax reductions to corporations also cause me at this time to protest as vigorously as I can the wholesale robbery that has been occurring on the Canadian scene as a result of what some people fondly call the ploughback method. You look at the financial statements of Canadian corporations, Mr. Speaker, and you will see that time after time corporations making a certain amount of profit will retain a half, or very often over half, of the net earnings. They pay out less than half to the shareholders. I feel that this is outright robbery of the rights of the short-term shareholders in Canadian corporations. The company says it is not paying dividends out as earnings would indicate it is able, but is withholding half the net earnings for the good of the enterprise. However, those who this year own that enterprise will not necessarily be the ones who will reap the fat earnings that may be dished out in later years because of this ploughback.

I feel that if it is not robbery of the short-term shareholder in those companies, it is robbery of the consumer of the products the company has made because it is obvious the consumer has been charged more than he needed to be charged for the goods. If it is not robbery of the consumers of Canada, it is robbery of the workers who have worked in that enterprise and who have really, by the sweat of their brow, earned those profits and who have received wages that were much less than they might have received. I think that money for re-investment in Canadian business should be honestly

obtained by anyone planning either expansion of existing business or the opening of a new business.

I should like also to express my opposition to the false belief that some Canadians seem to have that we can expand ourselves into prosperity. For a while many of us in British Columbia had the notion that as long as there was new investment capital coming in, we could expand ourselves into eternal prosperity. It is about as ridiculous a notion as a wheel of perpetual motion. It reminds me of the individual who is living beyond his means, and month after month has to add to the money he owes in order to meet his ever-increasing debts until he finally winds up in bankruptcy.

How could the little man have been helped on April 5 last? I should like to endorse what the hon. member for Regina City (Mr. Ellis) said yesterday when he said he would have preferred to see some easing of the onerous sales and excise taxes. I believe the little man would have been more than happy if he had heard an announcement that the sales tax on clothing had been removed. I believe the tax on all forms of material needed for the construction of houses should also have been removed. I think the government might have helped the little man who has a modest home and who finds the real estate tax on his home is climbing year by year. It would have helped if the government had announced a policy of low interest rates to municipalities, thereby removing the need for loading homes with the necessary debentures to cover such social needs as paved roads, water works, sewers and so on.

I was pleased to note that at the meeting of provincial premiers with our Prime Minister (Mr. St. Laurent) the governments of British Columbia and Saskatchewan both called for federal aid and participation in a public investment program to meet the rising social needs of the Canadian people. Unless this government is prepared to embark on a public investment program in co-operation with the lower levels of government, we shall find our provincial governments having to resort to ever-rising sales taxes. We will find our municipalities and educational authorities having to continue raising the taxes on our homes.

We in this group, Mr. Speaker, are sound money folk. We do not believe that money can be taken out of the hat or out of a printing machine. We are firmly convinced, and we have the highest regard for the rights of ownership. We believe that all the unsold goods in Canada are owned by somebody, and it is wrong to say we will make more money available unless we are fully aware of where we are going to get that money. You cannot add anything to the net purchasing power of the people by simply increasing the amount of currency in circulation. I think that is very simple economics, and has always been endorsed by the Canadian people. However, we do believe the purchasing power of the Canadian people can be vastly extended by having every Canadian who is willing and able to work at work turning out the goods that are necessary. We may think that we can ill afford the necessary $300 million or $500 million that a national health insurance program would cost us. However, having over 600,000 unemployed costs the nation far in excess of the cost of a national health insurance program.

We are also a party that believes in rigid economy and efficiency in government. Because of Liberal propaganda, word seems to have got around that the C.C.F. is a party that does not believe in economy in government. We in the C.C.F., who have such a great social program to offer the Canadian people, are keenly aware that if we are going to meet this obligation to the Canadian people, then the utmost economy and efficiency on the part of those who are handling public funds is necessary.

I should like to mention one other thing that I do not like about our income tax. I do not like this business of some Canadians paying at a different tax rate from other Canadians. Here again I was pleased to note that the premier of British Columbia, when he spoke at the opening of the conference, endorsed a resolution passed last winter by the C.C.F. national council, in so far as it relates to any provincial government that does not want to sign a tax-rental agreement. In that resolution he advocated, as we have done in this house, that the income tax rate should be the same throughout the nation. We feel that the citizens of any province that does not want to sign a tax-rental agreement should be permitted to deduct the full amount of their provincial tax from the federal tax, provided they are willing to admit that such a thing as the national interest exists, and that the over-all control of monetary and fiscal policy at the national level is necessary and that they will not exceed the limits of taxation imposed on other Canadian citizens.

Now, we feel that that is a policy that could have been sold to the people of Quebec. We think the people of that province want to be Canadians, and are just as good Canadians as any of the rest of us. We believe this policy would have been acceptable to them. However, in its wisdom this government chose to announce a unilateral decision

whereby it has now created two types of Canadian citizens, one of which is to have one set of income tax figures, and the other to have another set.

When I spoke in the house on January 12 some hon. members shouted the name of Maillardville. May I inform hon. members now that since that time I have held my finest public meeting at Maillardville, British Columbia. There were some 175 persons at the meeting which, I suggest, is an amazingly good turnout for a political meeting at this time. That meeting concluded in a most harmonious fashion, and I told the people there that as long as they were going to send me to Ottawa I was going to continue to fight, to the utmost of my ability, until I saw the day that their four and a half million fellow citizens, relatives and friends in the province of Quebec enjoyed just as high a standard of living as that of other Canadians. And I shall continue to do so, all misrepresentations notwithstanding.

In the few minutes left at my disposal I should like to speak about markets, because markets for our Canadian goods affect vitally our level of prosperity. I have here the daily bulletin released on April 26 by the dominion bureau of statistics, which shows a growing increase in our trading deficit with the United States and a growing increase in our trading surplus with the United Kingdom. I feel that this is a dangerous course, and that action must be taken to reverse the trend.

The United States buys from us only those goods they have to buy. I do not think the problem is any longer the simple one of free trade or high tariffs. I do not think that Canadians any longer can be classified either as high tariff or free trade citizens. However, if I were asked, I would say that so far as the United States is concerned I am a high tariff man; because I believe it is in the best interests of primary producers in Canada that we have a high tariff policy in our dealings with the United States. I am equally convinced that we should remove tariff barriers in our dealings with the rest of the world.

The rest of the world needs those commodities we have in surplus quantities—surpluses which are hampering our prosperity at the moment. I would like to see, if necessary, even an export tax on our shipments of raw resources into the United States. No longer can we afford to ship raw oil into that country to be refined over there and then sold back to us, thereby robbing Canadians of employment. I do not think that practice can long continue. While I am neither a free trade nor a high tariff man, I am a high tariff man when it comes to the United States and, if you like, I am a free trade man when it comes to the rest of the world, which requires these commodities we have in surplus.

I believe I have said about all I need to say on that subject. However, I would repeat my regret that the Minister of Finance (Mr. Harris) has not seen fit to raise the exemption levels for the payment of income tax. In my view the reductions he has given are badly distributed, in respect of both corporations and individuals. I feel he is making the rich richer and the poor poorer. He has made no tax concessions I can see that will help over half the population of Canada who pay no income tax. In my view, reductions in excise taxes on articles such as clothing would give at least some help to these people. I see no help for governments at lower levels, nor do I see anything to meet our growing need for social services in Canada. There is nothing for the unemployed—except relief, and the process of turning back to the miserable, hungry thirties. There is nothing to encourage trade so as to help the farmers of Canada, nor is there anything to encourage greater employment in Canadian factories. There is nothing to prevent growing economic enslavement of our nation to the United States of America.

Mr. Speaker, if this is a typical Harris budget, then I would advise the aspirant to the leadership of the Liberal party to apply for leadership in what I like to term the new, and yet so old, Liberal-Conservative party of Canada.

(*Translation*):

Mr. Edgar Leduc (Jacques Cartier-Lasalle): Mr. Speaker, on December 15, 1952 when I spoke in this house I asked the Minister of Finance for a tax reduction and, in the spring of 1953 I was greatly pleased to note that the government had decided to lower certain taxes.

In that same speech, I also stated that we should, in the near future, provide assistance for invalid people. At the last session, the government deemed it advisable to enact legislation to that effect, legislation which must be accepted by the participating provinces.

In the last few months the revenue of the government has diminished somewhat on account of crop failures last year and the loss of foreign markets. If we succeed in selling our products on the markets of the world, and that is the problem at present, everything will be back to normal and our revenue will increase.

In spite of the gigantic works undertaken this year, the government has been able to

alleviate the burden of the taxpayer, thus leaving him more money for various purchases and giving him some encouragement.

Increased capital investments for the development of our natural resources will also alleviate unemployment—a problem which has been so often in the limelight during this session—and will endow the nation with new wealth.

In spite of this temporary unemployment situation we have reason to look to the future with confidence. Our confidence will increase with the lowering of taxes—of which I will speak—and the vanishing of gloomy pictures such as those that have been painted concerning the present situation.

The government is not wholly responsible for the present unemployment because it cannot alone remedy completely such a situation; economic forces must be favourable and everyone must be willing to co-operate toward its solution. With the help of Providence, which we should seek, we will succeed, but without it all our efforts will be in vain.

The debate on the annual budget is an important event anxiously awaited by all taxpayers. The budget can bring about an improvement or a lowering of the standard of living, according as to whether taxes are lowered or increased.

During the previous years when inflation was a major consideration in daily life, the government had looked to compulsory savings and even increased taxes as a means of controlling it. In this way inflation was satisfactorily brought under control, while surpluses were accumulated in order to reduce the national debt in such a way as to deserve general admiration throughout the world.

In the last three years this country has had to go to considerable lengths to organize its defence and fulfil its obligations under the North Atlantic treaty.

These efforts must no doubt continue, but at a somewhat reduced pace, due to suspension of hostilities in Korea, which is such as to provide us with reserves out of our war production. The latter must of necessity be limited, as is evidenced in the budget.

At this moment I am showing my interest in the budget by bringing forward a few suggestions based on several years' experience in the preparation of municipal budgets, smaller in size and simpler than that of the government of this country, but large enough, nevertheless, to convey a general impression of its practical application.

I will draw upon my experience in this field to talk about this question and should my humble suggestions appear worthy of implementation, I will feel that I have contributed in some degree to the elaboration of measures which cannot fail to bear fruit.

[Mr. Leduc (Jacques Cartier-Lasalle).]

First, a few words on the preparation, adoption and implementation of budgets.

Estimates are prepared by the officers of the various departments which submit them for approval to their respective ministers who, in turn, bring them to the attention of treasury board. In most cases the ministers involved assume that these estimates are necessary to administration.

It is to be expected that those officials whose duty it is to submit the items make sure that the amounts are sufficient, and in order to avoid any deficit they may submit estimates in excess of actual needs.

The taxation rates, which are based upon the total of the estimates, cannot therefore be reduced or can be reduced but little unless our national production increases. Since the increase will be very slight this year, the only way to lower our taxes was through deficit budgeting and a reduction in expenditures.

A perusal of public accounts for 1953 shows that no appropriation has been exceeded and that expenses in many cases have been far less than the amount provided. That is an indication in itself that appropriations were excessive.

A brief look at some items will support my contention. If we take for instance the Department of Agriculture we find the following:

	Appropriation	Expenses
Operation and Maintenance	$ 456,586.00	$ 450,993.83
Animal pathology	469,246.00	435,065.00
Dairy research Bacteriology	456,586.00	450,993.00
Botany and Plant pathology	1,233,231.00	1,156,959.00
Chemistry	641,705.00	607,690.00
Entomology, Operation and Maintenance	1,814,150.00	1,708,168.00
	$9,734,432.00	$8,628,458.00
Excess of appropriations		$1,105,974.00

To obviate the difficulty created by the fact that no appropriation can be exceeded, only the total amount of the appropriations of a particular service could be taken into account; it would be in order to make transfers from one item to the other provided that the total amount of the estimates for a particular service is not exceeded.

Thus, officials would not be tempted to try to get approval for larger amounts on each item for fear of a possible deficit on any of them, if it were possible to make transfers from one account to another.

Such a policy would reduce the estimates and would have every department control and administer funds on a scale much smaller than the present one.

These suggestions are made in a constructive way and in the light of practical experience gained in another administrative field which has been fruitful and which could not be but fruitful also in this field.

I make them in the hope that they may be used to ease the income tax burden.

On the other hand, if it is not advisable to spend more than the amount of the appropriation, with the difference to be made up through a transfer from another item of the same department which could have the amount provided reduced or from the total appropriation, and if it is deemed advisable to keep the present system, I think that, as far as taxes are concerned, the means of previous surpluses could be used to reduce taxes.

It will be said that these surpluses have been used to cut down our debt. Very well, but we must remember that this generation has been called upon to pay for three wars as well as for the cost of unemployment relief in the years 1933-39.

Therefore, would it not be fitting that the next generation, which will be more numerous and which will know a better standard of living, should look after that debt?

The coming generation and those that will follow will profit more than those of the last two or three decades from the benefits of social welfare available to them. So I think that they could very well look after the gradual reduction of that debt.

I am one of those who believe in the future of this country, and the present generation, which has toiled so hard, should get some respite; we should grant it that respite as far as it is possible to do so.

I expect that the federal-provincial conference will bring about a discussion which may dispel any misunderstanding or erroneous concept of the part to be played by the administration in the best interest of this country.

The Quebec provincial income tax was imposed as a result of a lack of understanding and we must try to find a basis for agreement.

If we are unable, in this country, to reach such an agreement, how can we hope to pacify hostile nations and bring about a world-wide peace?

The leaders of a country must trust each other, and it should be possible to smooth out or even avoid any difficulties that might arise by mutual, fair and reciprocal concessions and providing that the advancement of this country is put above all other considerations of a personal or purely regional nature.

A spirit of conciliation has arisen that should be beneficial to our country; the clouded horizon of yesterday is clearing up and a more enlightened optimism prevails. Let us consider our problems without acrimony and prejudice and we shall get to understand each other better and deserve the title of Canadian citizens who have at heart the progress and the interests of this country which should gain in stature and importance as well as in moral and material greatness.

Considering the 1955-56 budget that has been brought down, the hon. Minister of Finance (Mr. Harris) is counting, for this fiscal year, on an increase in business and on a reduction of administration costs.

I congratulate him on this; it made possible a reduction of personal and corporate income taxes and he will probably avoid the expected deficit if conditions get somewhat better.

I am of the opinion that the reduction of certain appropriations would help to impress upon the officials of the various departments concerned the principle of thrift which would enable them to run their respective branches on their estimates, or thereabouts.

The most efficient means at our disposal to manage the country economically would be, I think, to try to reduce all appropriations that could be reduced, and there must be several of them, according to the statement I referred to a moment ago.

(*Text*):

During the course of the debate on the act to amend the Municipal Grants Act, I listened attentively to the speech of the hon. member for Assiniboia (Mr. Argue), who stated that 99 per cent of the municipalities were not in a position to meet their expenditures and look after their administration properly owing to lack of funds. I was astonished to hear such a declaration, knowing that it is far from the truth. I desire to remind him that this percentage of 99 per cent comes from his own imagination, and is not borne out by the facts. As I look over the different municipalities in my own county and neighbouring counties, I can state to the hon. gentleman that this year Lachine has reduced its taxes 20 cents on the $100;

Dorval has reduced its taxes by 30 cents again this year. The municipality of Ville St. Pierre closed its financial year last year with a surplus of $20,000. Ste. Anne de Bellevue had a surplus. All the municipalities on the island of Montreal, except one, have had a surplus. The city of Montreal, according to the comptroller of finance of that municipality, had a surplus of over $1 million last year.

Looking at the provincial records for the year 1952, I find that in 1951 the revenues of the municipalities, that is the cities and towns, totalled $112,081,000, and for 1952, $114,902,000. Expenditures for 1951 amounted to $106,601,000, and for 1952, $113,358,000.

We have to take into account that capital expenditures were made amounting to $6,140,000 in 1951 and $5,641,000 in 1952. Had these expenditures not been made the surpluses would have been much higher. I have a clipping from the Montreal *Gazette* of March 24 which states:

> Quebec's municipal corporations reported an increase in both revenue and expenditures during 1953 and a $35,000,000 increase in debenture debt.
>
> The 1953 edition of municipal statistics, released today by the Quebec bureau of statistics, lists 1953 revenues at $163,503,000 compared with $146,315,000 in 1952 and expenditures at $157,063,000 compared with $114,896,000 in 1952.

(*Translation*):

To sum up, Mr. Speaker, I suggest that in the preparation of the estimates the items be more closely related to the contemplated expenditures.

The various departments would then endeavour to stay within the estimates, because if they ask for 10 per cent more than what is strictly needed, for fear of incurring a deficit, they would be tempted to spend the whole amount, whence the difficulty of avoiding expenses, that might be necessary in certain cases, but are superfluous in many others.

(*Text*):

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, as the Minister of Finance (Mr. Harris) represents part of the county in which I was born, Bruce, I studied the budget most carefully in the hope that I might be able to find a number of virtues in it. However, I think the only commendable feature that I have been able to discover is the venture into deficit financing which he has made, and before I conclude I hope to have time to say a little more about deficit financing.

I am afraid that I cannot go along with the hon. members who have congratulated the Minister of Finance upon having given some relief in the field of income tax. With the majority of Canadian families being in a position where they do not pay any income tax, this is not the time to consider easing the burden of those who do pay income tax. I realize that members of parliament with their sessional indemnities will have a sizeable reduction, but believe me this reduction is not going to solve the problem that faces many this year.

A married man with two children receiving $2,500 a year will have a reduction amounting to $4 or approximately 8 cents per week. That really is not enough to get excited about. But I have examined four other groups. First, the position of those who receive $50,000 a year is going to be improved by $954 per year. We have not a very large number in this group, but the 1,840 who receive incomes of $50,000 or more receive a sizeable total income of $143 million. The income tax payer receiving $50,000 a year is going to have an additional $954 per year to spend. How sorry should we feel for the poor chap who has to pay $20,145 to the income tax authorities and must get along somehow or other on only $29,855 per year. That means that he is 50 cents short of having $100 per day for 300 days in the year. It seems to me that we should not shed any crocodile tears over a person who has that amount left to spend. Giving that person an additional $954 to spend is not going to help the unemployment problem at all.

Those receiving $100,000 a year are going to be better off to the tune of $1,954. After they have paid their scheduled income tax somehow or other they will have to balance their budgets on $163.60 per day. Those in the $200,000 per year group are getting relief to the tune of $3,904 and will have left after taxes $261.50 per day for 300 days in the year. The last group mentioned in the table, those receiving $400,000 a year, will be helped to the tune of $7,854. After paying their income taxes they will have left $419.38 per day.

I do not think that any member in this chamber can suggest with a straight face that people in these income tax brackets who are getting such substantial assistance are really in need of special legislation. I think this budget is going to be remembered for what it fails to do rather than for these minor changes.

I cannot think of any good reason why relief should have been given to corporations. While they do pay a sizeable amount in corporation taxes, the Bank of Canada in its most recent statistical summary shows in a chart that representative Canadian corporations—manufacturing, mining, finance, insurance and so on—are in a very healthy position.

This chart shows that after paying taxes their profits in the years since 1950 ranged from a high of $455 million to a low of $290 million. At the last of 1954 the profits after taxes were up to $337 million.

I submit that the minister should not bring in a budget without facing the fact that the net farm income in Canada has been declining at an alarming rate since 1951 in particular. I have the details of national accounts, income and expenditure, put out by the dominion bureau of statistics. The 1951 net income received by farmers amounted to $2,108 million; in the next year it was down to $1,860 million; the next year $1,616 million; and in 1954, $1,109 million. I submit that this alarming decrease in farm net income is having a most serious effect on all sectors of our economy and before I conclude I shall make some suggestions on which I feel the minister must act.

Over the week end I spent some time in a study of "Distribution of non-farm incomes in Canada by size 1951". I suggest to hon. members that they study this booklet showing the distribution of non-farm incomes. I have prepared a little table from this and these figures have been confirmed by Miss Podoluk, of the dominion bureau of statistics, who worked on this study.

I have arranged this table, an analysis of the distribution of Canadian family annual non-farm income among 265 representative families of two or more persons, according to the income groups. As to the income group from nothing to $2,499, 34·2 per cent of the families fall in that category. Out of 265, there would be 91. The average for the group would be about $1,500. The exact amount is $1,530. As to the second group, $2,500 to $9,999, 63·8 per cent fall in that category, or 169, with an average yearly income of around $4,200; or, to be exact, $4,176. As to the third group, over $10,000, 2 per cent fall in that category, or 5 out of 265, with an average annual income of $17,907, or nearly $18,000.

Hon. members might be interested in knowing just why I took the figure 265. That happens to be the number of members there should be in the chamber tonight if they were all here. I should like those who are here to forget the indemnity or any other income that members might have. I should like the members to picture themselves as being in the position of the average Canadian family. Here is how we would proceed to distribute that family non-farm income, two or more persons in the family. I might say that if we had the figures for the farm income, the picture would be worse, but this is bad enough. If we could divide the chamber, we would take a block from just this side of the Minister of Justice (Mr. Garson) and of the government members in that row down to this side, 91 in the group, with an average income of $1,500 a year. Then the next group would, of course, comprise the majority. There would be 169 in that group and the average income would be roughly $4,200. That would leave us five down in the section where the independent members are. There are only five in that group getting $10,000 a year or more. The average would be $18,000 per year.

Mr. Speaker, here is one of the fundamental problems confronting the Canadian economy at the moment. If this government cannot find ways and means to get more purchasing power into the pockets of 34·2 per cent of the families in Canada who have an average income of $1,500 a year, I think they have failed to discharge their responsibility. If these figures were broken down to show those who had under $1,000, under $1,500 and under $2,000, you would have a more shocking picture still. But any family in Canada today getting $1,500 is in the position, if they pay rent, of not having enough money left to pay for their groceries, shoes, clothing or health services.

Coupled with these figures that I have just given, I should like to present the figures in connection with the consumer credit outstanding in Canada as recorded in the Bank of Canada's statistical summary. This is the issue of March, 1955; it is the one that has just been released. I think it is fairly obvious that with a third of the families in Canada receiving an average income of $1,500, with so many tempting advertisements urging us to buy radios, televisions, automobiles, fur coats and everything under the sun, there is bound to be difficulty. As a matter of fact, when you go into your grocery store now in Ottawa, you must decide whether you want a Plymouth car or a Pontiac car, trip to Hollywood or what-have-you. Most of the large grocery chains are engaged in a competitive give-away program in order to get people into their stores to get a car along with an order of groceries. In due course somebody will get a car. But while just Pontiacs and Plymouths are being offered now, if other storekeepers are going to keep in the running, they will be obliged to offer a Buick or Cadillac.

These charts at page 81 showing the consumer credit outstanding present what to me is an extremely disturbing picture. Charge accounts have increased from $370 million in March 1951 to $503 million in December,

1954. As to instalment credit, retail dealers have increased their accounts from $166 million to $315 million and finance companies from $216 million to $480 million. Cash personal loans through the banks, the small lending companies and credit unions have increased from $394 million to $665 million. The totals have increased from $1,146 million in March, 1951 to $1,963 million in December, 1954. Taking the two things together, Mr. Speaker—with one-third of the families in Canada in the lower income brackets with an average income of $1,500, with living costs as high as they are, and with this alarming increase in consumer credit outstanding—I believe they suggest that there is trouble just ahead.

Unfortunately the bureau of statistics did not compile this sort of information before the war or prior to the depression in 1929 and 1930. But, as I recall it, one of the danger signals prior to the serious crash in 1929-30 was the large amount of consumer credit that was outstanding. As long as people receiving $1,500 can get storekeepers and small loan companies to extend them credit so that instead of spending at the rate of $1,500 a year they are able to spend at the rate of $2,000 or $2,500, it is fine so long as they can continue to increase their borrowings. But a time will come when those who are trying to live on a $3,000 income when their cheque is only on the basis of $1,500 will find that there is trouble ahead.

I therefore think it is only fair to ask what should be done. I commend the minister for introducing deficit financing. I think it is a subject that should be developed. I am sorry that there will not be enough time to present the sort of development this particular case deserves. However, I want to make it clear that I am not asking this government to adopt a socialist program. I am merely asking them to carry out a program which a capitalist government developed and practised during the war crisis. Let us see what was done in the war period. I have before me "Statistics and Information on Dominion Government Public Borrowing Operations from September, 1939 to December, 1945". I find that our total war requirements in 1939 amounted to $23 million; in 1940 they amounted to $246 million; in 1941 they amounted to $1,413 million; in 1942 they amounted to $2,402 million; in 1943 they amounted to $4,177 million; and in 1944, the all-time high, they amounted to $4,923 million. But hon. members will tell me this: Oh yes, but we were fighting for our lives then; we would do anything to save the world from nazi tyranny. That is quite right. But I submit that in peacetime, if given a lead by this government, the Canadian people will put forth in the year 1955 the same sort of effort they were able to put forth in the year 1944.

These two fundamental problems are obvious to every Canadian. It is a tragedy that farm income should be down approximately 50 per cent to what it was four years ago and that 600,000 Canadians should be in the position where they cannot find jobs and are going to be receiving relief from municipalities, provinces or the federal government, or a combination of all three, when we consider the great resources of Canada, the achievements of the Canadian people during the war years, and the hungry people all over the world.

During that same period we managed to keep our non-war expenditures at fairly low levels. However, I was interested in noting that we did find money for unemployment and agricultural relief. We spent $49·9 million in 1939, $57 million the next year, then $34 million, $8·5 million, $5·3 million and $3·9 million. All through the period we were required to put aside some money for unemployment and agricultural relief. It is also interesting to note that the war saved the Canadian National Railways from a continuous record of deficit financing. Before the war the publicly owned railway was running in the red over $1 million a week, but come the war we were able to change the deficit to a very substantial profit.

Therefore I think the job that the minister should undertake now is to face the fact first of all that 600,000 Canadians want work and cannot find it and, second, that the Canadian farmers want to continue to produce maximum amounts of food for our own people and for hungry people all over the world. In a little pamphlet prepared by our national office I note that in 1952 stolen property apparently accounted for losses of something over $6 million, business failures $32 million, automobile accidents $77 million, wages lost through illness $159 million, salaries and wages lost through strikes and lock-outs $15 million, but losses of production through unemployment amounted to $1,235 million.

Here are some of the constructive, desirable things that we in Canada could and should do. If we would do them there would be no unemployment problem and no difficulty at all about getting the people to consume adequate food. I think it is as plain as A, B, C that if one-third of the families of Canada have an average income of $1,500 they cannot possibly consume desirable quantities of milk, butter, eggs, cheese, cereals and other

products. We should undertake to build 500,000 new homes. We should speed up construction of the trans-Canada highway. We should build more hospitals, schools, parks and recreational facilities. New industries should be established in depressed areas. Two million furnaces are required and a similar number of refrigerators. We need about 2 million electric vacuum cleaners, 1,500,000 telephones, 1 million washing machines, and about 2 million homes, rural and non-rural, need water and modern conveniences.

I have gone through government budgetary expenditure and have made a note of some of the politically popular and socially desirable increases the minister should include in the budget with a view to alleviating unemployment and winning the battle in which Canadians should be engaged. First of all there are our veterans. We have had previous discussions in the house regarding the position of the veterans of the Boer war, even the Riel rebellion, world war I and world war II. We are proposing to spend $234 million for those who have served this country. I suggest that an extra $200 million be placed in their hands because these people are in the lower income third who are not able to buy the things they would like to have.

The next item I should like to mention is the Colombo plan. I should like to see the Secretary of State for External Affairs (Mr. Pearson) in the position where he will eventually have as much money to spend as his colleague the Minister of National Defence (Mr. Campney). I have been very careful not to suggest any reduction in our national defence expenditures. We have been told that the very large amounts we have spent on national defence have been a major factor in preventing a third world war. No one can prove that is right or wrong, but I am not going to argue about it. I think Canada can continue to have as many people in the armed services as we now have, continue to spend as much money on national defence as we are now spending and do these other things as well. We would still have a budget a good deal less than we had during the war years, and we would be in the position where we would have a million of our youngest and strongest people available to help with the constructive program I have suggested.

Then there is the question of grants to universities. This is one way the federal government can assist education without opposition from any of the provinces. Since we cannot get agreement with respect to general aid for education, I see no reason why we should not spend $100 million a year to aid our universities. Since it costs the Minister of National Defence $65,000 to train a jet pilot, surely $100 million to train university students would not place any strain on us.

With respect to family allowances, I could not agree with the hon. member for Temiscouata (Mr. Pouliot) when he suggested this afternoon that the Canadian economy will not stand a doubling of family allowances. The argument he advanced today certainly applied when the family allowance legislation was before parliament in the first place, because at that time we were concerned about our war effort, but I submit that the family allowance expenditures of $383 million have been a major factor in making it possible for a great many people in the lower income brackets to have some money every month with which to buy food for their children. Therefore I suggest an increase of $400 million in family allowances.

As to old age assistance, here is a group who really must have additional help, and I suggest another $100 million. The next matter is health. I should like to be most generous to the Minister of National Health and Welfare (Mr. Martin). I think he suggested at one time it would require $600 million to carry out the sort of program he had in mind back in 1945. I think we should have another $600 million to introduce an over-all national health program. This would not be in addition to what we are now spending for health but would merely mean that there would be comprehensive health services for all Canadians and our people would not have to worry about meeting such costs at a time when they are sick and unable to earn.

I have suggested an extra $100 million for the Minister of Labour (Mr. Gregg). Some concern was expressed this afternoon about the cutting off of the vocational training program that has been so popular throughout the country. The amount of $100 million would more than cover that. I do not have in mind pouring money into labour, to deal with the unemployment problem, but if the sort of program I have proposed is carried out Canada will not have any unemployment problem.

The Minister of Agriculture (Mr. Gardiner) needs more money. I notice that the net operating loss of the agricultural prices support board was only $3·5 million in 1950-51 and $1·7 million the next year. In the next two years the foot-and-mouth disease resulted in the amount increasing to $32·5 million and $37·8 million, but in 1954-55 the amount was down again to $3·2 million. There is nothing for the Minister of Agriculture at all in the proposed budget for 1955-56 for

his agricultural prices support. The Minister of Agriculture certainly should have $100 million in connection with his program for agricultural prices support. This leaves me with housing, and for the Minister of Public Works (Mr. Winters) I put down $200 million. It must be recognized that in our slums in our cities and on our farms we have a large number of people living in housing conditions which are a disgrace to Canada in this year of 1955. We must not regard expenditure on housing as being money down the drain. Investment in housing is a permanent investment that people will enjoy for 20, 30, 40 or 50 years.

I have not left very much time to discuss the interesting problem of financing this sort of program. The total of these figures which I have run over very quickly is only $2 billion.

An hon. Member: What is a billion?

Mr. Nicholson: What is a billion? That is a very good question. This amount is still less than half of what the Canadian people were able to raise and spend on our war effort alone in the years 1943 and 1944. If I had the figures available of the amounts of money we gave away during those years as mutual aid and assistance to the United Kingdom and our other allies, it would make the money which we are spending now under the Colombo plan and specialized agencies look very insignificant. I do not argue, Mr. Speaker, it would be possible to increase our income tax and our corporation tax to meet this particular type of budget. I believe the policy of deficit financing which the minister has introduced in a very mild way is quite sound. I think we need not worry about the amount of money that we owe to ourselves.

I notice that we have planned this year to spend $474 million for servicing our debt. Fortunately, most of this money is paid back to Canadians. At some time no doubt we will have to consider what we are going to do about the very sizeable national debt that Canada does carry. But so long as the percentage of the spendable money paid to service our national debt does not get out of hand, really we have nothing to worry about. Canada is in a very strong position to undertake a deficit financing program now. Wisely enough, I believe, during the years immediately following the war the government put aside sizeable sums to reduce our national debt. There was some criticism from the Conservative party about maintaining very high tax levels when all the money was not being spent. I feel it was a sound principle to have substantial taxes and make substantial payments on the national debt when money was plentiful and goods were scarce. Now that we have unemployment on our doorstep, we need not have any worry about deficit financing in Canada getting out of control. I believe we could secure more money by imposing higher taxes on the higher income groups. But then again, there is not enough money left in that particular pocket to solve all our problems. By carrying out a policy of orthodox financing, as demonstrated during the years I have mentioned from 1939 to 1945, the Minister of Finance could introduce a budgetary program that would make him the real hero of our particular period. But the budget that he has introduced, with tax reductions for a very small percentage of the Canadian people, very small amounts for the people in the lower income brackets and sizeable amounts for the people in the higher brackets, contains nothing spectacular.

I submit, Mr. Speaker, that with the two problems which stare us in the face, the problem in our own country of so many of our elderly people, the invalids, the war veterans, our farm people in a position where they just cannot get their hands on sufficient dollars to enable them to meet their reasonable responsibilities and enjoy a reasonable standard of living; when we think of the two-thirds of the people in the world who look at us maintaining 600,000 people in the ranks of the unemployed, I feel that Canada should and must give better leadership in solving our own problems and helping to solve world problems.

On motion of Mr. Gauthier (Portneuf) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow, Mr. Speaker, we shall take estimates, beginning with citizenship and immigration; northern affairs; then post office and justice.

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

HOUSE OF COMMONS

Friday, April 29, 1955

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Fourth report of special committee on estimates.—Mr. Tucker.

Second report of special committee on veterans affairs.—Mr. Tucker.

Second report of standing committee on privileges and elections.—Mr. McWilliam.

VETERANS AFFAIRS

REFERENCE OF CERTAIN ESTIMATES BACK TO COMMITTEE OF SUPPLY

Hon. Robert H. Winters (Minister of Public Works) moved:

That items numbered 510 to 535 inclusive, 550 and 551 of the main estimates 1955-56, relating to the Department of Veterans Affairs, approved and reported upon this day by the special committee on estimates, be referred back to the committee of supply.

Motion agreed to.

EXTERNAL AFFAIRS

INDO-CHINA—REPORTED INABILITY OF TRUCE COMMISSION TO OPERATE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Secretary of State for External Affairs. Has his attention been directed to an editorial in the *Ensign* of April 30 with reference to the international truce commission in Indo-China? Is he in a position to report whether or not, in consequence of communist treachery, the commission is unable to operate? In particular, in view of the fact that the cut-off date is the 18th of May, does the minister consider that anything can be done to extend the date to the end that some two million people in the northern part of Viet Nam will be given the opportunity to leave if they choose to do so?

Hon. L. B. Pearson (Secretary of State for External Affairs): My hon. friend was good enough to give me notice of his intention to ask this question which concerns a matter that is causing a good deal of anxiety not only to our representatives on the commission and the government but also to many people in this country. I have seen the report to which he refers and, indeed, other reports, and have had communications concerning this subject. With the hon. member's permission, and in view of the widespread interest in the matter, I will make a short statement about it on Monday when I hope to be in a better position to do so.

GRAIN

WHEAT—REQUEST FOR STATEMENT AS TO FINAL PAYMENT

On the orders of the day:

Mr. W. M. Johnson (Kindersley): I should like to address a question to the Acting Minister of Trade and Commerce. Has the minister received a telegram from the Saskatchewan farmers' union requesting an announcement of the amount of the final payment so that merchants will be in a position to extend credit for spring seeding? What action does the minister propose to take as a result of this request?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): I have not received such a telegram from the Saskatchewan farmers' union and I am informed that none has been received in the office of the Minister of Trade and Commerce. There have, of course, been a number of requests both in this house and from others for an early announcement of the final payment on the 1953-54 wheat crop.

A similar question was asked in the house a few days ago, at which time I said that preparations were being made to close out the 1953-54 wheat pool as at the end of April and that payment will begin when the necessary accounting and auditing has been completed, which will be about two or three weeks later. It is, of course, impossible to announce the amount of the final payment until these calculations are completed.

POSTAL SERVICE

REFERENCE TO CONSTITUENCY OF TEMISCOUATA

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Would the Acting Postmaster General comment on any improvement in the postal service as the result of the elimination of Pouliot from its operations in Temiscouata?

Hon. J. W. Pickersgill (Acting Postmaster General): Unfortunately, Mr. Speaker, I am not able to think of a funny reply.

Inquiries of the Ministry

NATIONAL DEFENCE

CANADIAN FORCES IN KOREA—CONTINUING COMMITMENT

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to ask the Minister of National Defence if he is yet in a position to make the statement which he indicated three or four days ago he would soon make, regarding Canada's position with respect to the continuing commitment which we may accept for the stationing of troops in Korea.

Hon. R. O. Campney (Minister of National Defence): No, Mr. Speaker, I am not yet in a position to make a statement but I hope to be early next week.

Mr. Fulton: May I ask a supplementary question? I wonder if I might ask the minister if he and the government would not agree with the suggestion that it would be unfortunate if Canada at this time, in the light of the tension which is mounting in that area, were to indicate that she is considering cutting the size of her forces for that area?

Mr. Campney: Any comment I might have, I shall keep until I make a statement.

COAL

REPORTED CLOSING OF NOVA SCOTIA MINE—REQUEST TO CALL MEETING

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I ask the Minister of Mines and Technical Surveys if he is considering the possibility of calling a meeting with company and provincial government representatives and the miners union in connection with the closing of No. 1-B colliery at Glace Bay, Nova Scotia?

Hon. George Prudham (Minister of Mines and Technical Surveys): I had a meeting with Premier Hicks the day before yesterday, and we are to have another meeting on Saturday. I asked Premier Hicks to call to the meeting anyone he thought would be interested. I do not know who are coming.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT—SUGGESTED DAM AT MEDICINE HAT

On the orders of the day:

Mr. W. D. Wylie (Medicine Hat): I should like to direct a question to the Minister of Agriculture. I am sorry that I did not send him notice of the question, but I do not believe he will need it. My question is this: Is the dominion government going ahead with the construction of a dam on the South Saskatchewan river at a place known as The Narrows, 30 miles northeast of Medicine Hat?

Right Hon. J. G. Gardiner (Minister of Agriculture): I have heard nothing official at all, Mr. Speaker, with regard to a dam at The Narrows north of Medicine Hat. I understand that there has been some discussion in the press in Medicine Hat concerning the possibility of a dam in which it has been suggested that the site has been surveyed by P.F.R.A. That is not correct; P.F.R.A. has had nothing to do with it whatever, and knows nothing about it.

Mr. J. G. Diefenbaker (Prince Albert): I wish to direct a question to the Prime Minister. Would the Prime Minister inform the house regarding negotiations he had with Premier Douglas of Saskatchewan at the conference concerning the South Saskatchewan river dam and irrigation project, and what further proof does the government require before considering the commencement of this work?

Right Hon. L. S. St. Laurent (Prime Minister): To deal with the last part of the question first, I would say that I do not know that it is proof that is required, but the government has not yet been able to determine whether it would take the responsibility of recommending to parliament the very substantial expenditure for this project as one of national interest to the whole country. It was discussed very frankly with Premier Douglas yesterday and his minister of finance, Mr. Fines, and the result was that it was still a matter that was under consideration; that all parties were, I think, as fully advised as they could be of any accurate information now available bearing on the project; and that there would be nothing to be gained by trying to discuss the details of the apportionment of costs until the prior decision had been made, that it was a project that warranted the heavy expenditure it required and that the time was appropriate to proceed with it. We had a long, frank and interesting discussion. I think we considered, or at least touched upon, the important factors that have a bearing upon it.

Mr. Diefenbaker: May I ask a supplementary question? Was the Minister of Agriculture present at this conference?

Mr. St. Laurent: He was, as was the federal Minister of Finance.

Mr. Coldwell: May I ask a supplementary question, because I am often asked about it in my own constituency? I understand the

matter has to rest until the government is satisfied that this work is a work in the interests of all Canada; is that right?

Mr. St. Laurent: Until the government takes the responsibility of coming to parliament and recommending it as a project that will provide for the economy of Canada more than its cost would take out of the economy of Canada.

DOMINION-PROVINCIAL CONFERENCE

REQUEST FOR STATEMENT OF BASIS OF PROCEDURE

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I would have directed this question to the Prime Minister yesterday had he been here at the opening of the sitting. In view of the fact that the decisions which are made will of necessity be ultimately decisions by parliament, the proceedings of the dominion-provincial conference are of great concern to parliament. Can the Prime Minister make any report to the house which would enlighten us beyond the statement given following the closed session succeeding the open session on the first day? I would suggest that review of the basis upon which the government hopes to proceed in certain respects would be helpful to all of us in considering what may be done in connection with this matter and any discussion which should take place.

Right Hon. L. S. St. Laurent (Prime Minister): I would not like to go beyond the terms of the communiqué which we discussed at considerable length, Mr. Speaker, and about which it was frequently commented that since we had proceeded in camera the discussions should not be reported. It is not that I wish to withhold from parliament any information. The communiqué indicates that there was a discussion of—I will not say "offer" or "proposal" of the federal government because those words were objected to by others attending on the ground that there was nothing complete that could be regarded as an "offer" or as a "proposal"—a suggestion that I put before the meeting on the first day when it was an open public meeting.

It was quite evident, and no one questioned it, that we did not have accurate information that would permit of the establishment of an exact formula. It was decided an endeavour would be made, in the most expeditious manner, to secure that information. It was for that reason a committee was suggested to be made up of the representatives—I do not know that they are all of welfare departments—but on behalf of the welfare department of each of the provinces and representatives of the federal government, to review all the data available and try to get the basis for a formula. It was felt the committee should endeavour to do that with such expedition as would not delay a decision upon it until the October meeting.

The committee would proceed at once, and I understand that they had a preliminary meeting yesterday morning. It was hoped that they might have made sufficient progress to make it practicable to have a meeting of the ministers undertake a study as early as possible—one suggestion had been as early as possible in June and others preferred that the words "in June" be left out. I just mention that as indicating what was meant approximately by "as early as possible". The suggestion was that it might be appropriate to have action taken by legislative bodies, so that if some kind of arrangement were worked out there would be nothing to prevent its being implemented from the early fall onward. I do not know that there is anything more that I can say, without violating the letter, if not the real spirit of the various statements that were made—that we had proceeded in camera, and that our discussions should conserve that character.

Mr. Drew: I should like to ask a supplementary question. Without in any way suggesting that there would be any breach of the confidential character of the discussions, I should like to ask the Prime Minister a question. In view of the fact that the government has withdrawn its position from that which it stated it was prepared to take in 1945 in regard to the unemployed, I would like to ask the Prime Minister if there are any other specific proposals in the 1945 proposals not yet dealt with from which the government has withdrawn its support. I ask this question because I think it would be helpful in avoiding any unnecessary discussion if there are any other similar cases where the government has withdrawn from the position it took at that time.

Mr. St. Laurent: I cannot accept the word "withdrawn". There were proposals made as over-all proposals in 1945. They were not accepted. I stated at the opening meeting of this preliminary conference that we did not consider that the proposals that had been made and were not accepted at that time were a proper basis for an agenda of discussions at this time.

There have been a great many things done, not because they were in the proposals but because they were considered to be the right things to do—things done since 1945. But the government does not consider that it is bound in any way by unaccepted proposals that were made in 1945.

Inquiries of the Ministry

Mr. Cameron (Nanaimo): May I ask the Prime Minister a supplementary question. Is it not true that the green book proposals in 1945 were offered to the provinces with the intention and the expression that they would be implemented when the majority of provinces accepted? There was no attempt to limit the provinces at that time.

Mr. St. Laurent: The hon. member has the green book proposals and he can read and interpret them as he considers they should be read and interpreted. But I do not think it would be proper for me to try to put an official interpretation upon them in this house.

[*Later:*]

Mr. Drew: I should like to ask a supplementary question on the same subject matter as that to which we have been referring, and which follows as a result of the question that followed mine. In view of the fact that we have been from time to time referring to these proposals from both sides of the house, I should like to ask the Prime Minister to whom we can look for a correct interpretation of what is described as the green book if we cannot look to him for that interpretation.

Mr. St. Laurent: I think the best place to look is in the green book itself—

Some hon. Members: Oh, oh.

Mr. St. Laurent: —in which can be found exactly how those proposals were put forth.

Mr. Drew: Then do I take it that the Prime Minister has withdrawn his earlier statement, and that the green book still stands as the proposals that he could accept?

Mr. St. Laurent: If there were manifested to us a disposition of all the provincial governments to accept—

An hon. Member: All?

Mr. St. Laurent: I think so, because I think they are all concerned—of course there is a varying degree of the importance that has to attach, because of the size of the population, to the views of the people of Ontario and the views of the people of Prince Edward Island, for instance. But it must not be forgotten—

Mr. Fulton: Is that an interpretation of the green book and, if it is not, what is it?

Mr. St. Laurent: No, it is not an interpretation of the green book. It is a statement of facts which are real and which have their bearing upon the fiscal relationship between the federal government and the provincial governments. And I think it should not be overlooked that the federal government has no funds of its own. The federal government has funds that are raised from the people of Canada; and when one speaks of what the federal government should do one is speaking of what should be done on behalf of all of the people of Canada, for one or more parts of the people of Canada; there are not at the present time before the provincial governments, for acceptance or for refusal, the proposals that had been made in 1945.

And I will be perfectly open and frank that, had those proposals been accepted, the federal government, as representing all the people of Canada, would find it at the present time pretty embarrassing to carry out the commitments that would have resulted. Because at that time those proposals were based upon the assumption that $250 million per annum being raised from the people of Canada would be quite sufficient for the defence expenditures of this country. And at the present time the members of this government and, I am sure, a large proportion of the Canadian people, recognize as having the highest priority of all, the expenditures that have to be properly made to do our share of the building up of the defence forces that are apt to be sufficient to deter aggression.

That being the case, I doubt if there are very many in Canada who would feel that it would be proper for the government of Canada to raise more money than is now being raised by increasing taxes.

Now, there may be the suggestion that there could be economies. We are endeavouring to practise economies; but they would be a very small proportion of the total budget that has to be met—not out of the moneys of the government of Canada but out of the moneys raised from the people of Canada generally. And that being the case, there has to be an order of priorities established in respect of the purposes to which the moneys provided annually by the people of Canada can be applied.

It will be suggested that there might be capital investments that could be made without being raised out of the year's current revenues. And that may be possible; but that could only be for such capital investments as would ultimately bring to the Canadian economy more than it would be presently taking out of the Canadian economy.

That is the situation that we have to face, and we might as well be realistic about it. We were perhaps overoptimistic about what could be done in 1945. At the present time—

Mr. Ferguson: That was the year of the election, was it not?

Mr. St. Laurent: Well, I am not considering it from the point of view of the results

of an election; and I think that it is preferable, in the interests of the people of Canada, that these serious matters be considered in another light than in the light of elections. When the hon. gentleman is sitting in the chair before which I am standing at the present time perhaps he will feel otherwise about the responsibility of those who are responsible to the public.

Mr. Knowles: Mr. Speaker, may I ask a supplementary question of the Prime Minister? In view of his statement as to the greater weight that attaches to the views of the government of Ontario than attaches to that of some of the smaller provinces of the country, will he say that in view of what happened on Tuesday and Wednesday we are now closer to a nation-wide health insurance program than we were at the beginning of this week?

Mr. St. Laurent: I do not know how much closer we are to a nation-wide health program than we were before Tuesday and Wednesday, but very close attention is being given to the cost of that kind of a program. The hon. gentleman may say that people in Canada are spending as much without it as would be spent under it.

Mr. Knowles: They are.

Mr. St. Laurent: Well, assuming they are; but will the hon. gentleman tell us that there should be discriminatory taxation put upon those who are making these expenditures at the present time, or would he not consider that the costs, though they might not total very much more, would have to be spread generally by rates of taxation over the whole Canadian public?

Mr. Knowles: Am I permitted to answer questions on the orders of the day, Mr. Speaker? If so, I would be glad to answer the Prime Minister.

Mr. Speaker: May I submit that perhaps on this phase of the discussion we have gone beyond the limits which are usually permitted at this stage, which must consist of only asking questions. That territory has been quite amply covered. There will be other opportunities to discuss these various matters.

Mr. Diefenbaker: Will the Prime Minister allow a question arising out of the statement he just made, that in order to bring in—

Mr. Speaker: Order. I have just asked the hon. member for Winnipeg North Centre to refrain from pursuing a discussion on that particular point. Perhaps I can ask the hon. member for Prince Albert to wait until another opportunity is offered in order to pursue the matter.

Mr. Diefenbaker: I should like to ask the Prime Minister a question without reference to anything that has been said. In connection with the plan for unemployment that was submitted to the dominion-provincial conference as representing the point of view of the government of Canada, will that plan not come into effect unless accepted by all the provinces, or may it be accepted by one or two provinces and not by the others?

Mr. St. Laurent: Well, there has been no consideration given to the matter of whether it would be accepted by one or two and not by the others. It is a plan which is put forward in an effort to try not to distinguish between persons in need who might be considered by some as employable and by others as unemployable, and to have the same authorities dealing with all those in need regardless of whether they should be considered as employable or unemployable. It has not reached the point yet where an answer could be given to the hon. gentleman's question. That would depend upon the feeling of those attending the conference and representing all the provinces.

Mr. Diefenbaker: What is the dominion's attitude?

Mr. St. Laurent: The dominion's attitude is that it would like to see a system established and administered by local authorities which would avoid the situation which has existed of saying this is one's responsibility and that is another's responsibility; to try to remove the inconvenience to the individual resulting from diverging views about the question of responsibility and have a concrete formula that where there was real need help would be extended, and that it would not be the concern of the applicant as to who was going to provide ultimately what was paid to help him or in what proportion.

TRADE

EXPORTS OF LEAD, ZINC AND CRUDE OIL FROM CANADA TO UNITED STATES

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Can the minister advise the house what action may have been taken by the foreign affairs committee of the United States Senate in regard to certain amendments to the reciprocal trade act submitted to that body which, if passed, would have had an adverse effect upon the production and importation of lead, zinc and crude oil from Canada?

Inquiries of the Ministry

Hon. L. B. Pearson (Secretary of State for External Affairs): I do not think any final action has yet been taken, but I will look into the matter and see if I can make a reply on Monday.

UNEMPLOYMENT INSURANCE

REPORTED INCREASE OF PERSONNEL IN LEVIS OFFICE OF COMMISSION

On the orders of the day:

Mr. J. Wilfrid Dufresne (Quebec West): I should like to ask a question of the Minister of Labour. Perhaps he would take it as notice and reply later. Does the minister know that the personnel of the Levis office of the unemployment insurance commission has been considerably increased lately? If so, what was the purpose of such increase?

Hon. Milton F. Gregg (Minister of Labour): I will take the question as notice, and try to answer on Monday.

NATURAL GAS

INQUIRY AS TO SUPPLY TO WINNIPEG AND OTHER WESTERN CITIES

On the orders of the day:

Mr. O. C. Trainor (Winnipeg South): Mr. Speaker, may I direct a question to the Acting Minister of Trade and Commerce? In view of the fact that Toronto, Montreal and other eastern cities are to have the advantages of natural gas in the near future, would the minister care to state when Winnipeg and other western cities may expect the same advantage?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): Mr. Speaker, may I point out that the question would have to be in much more specific terms before I could give an answer that would be useful.

HARBOURS

CHURCHILL—SUGGESTED PROVISION FOR ADDITIONAL ICEBREAKER

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, I should like to direct a question to the Minister of Transport. I am sorry I did not give him notice of this question. Is the government giving consideration to placing an additional icebreaker in service at the port of Churchill during the coming shipping season?

Hon. George C. Marler (Minister of Transport): I may say that we have given some consideration to the matter but so far as I can recall there is no icebreaker that would be available in Hudson bay itself. I have had some discussions with the Hudson bay association, and I am hoping that we shall be able to work out something that will satisfy their needs.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

59. Departmental administration, $493,651.

The Chairman: May I point out to hon. members that this resolution will be found at page 12 of the main estimates, and the details will be found on page 142. Shall this resolution carry?

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

Hon. J. W. Pickersgill (Minister of Citizenship and Immigration): I do want to say one or two words, Mr. Chairman. As the members of this committee know, these estimates have all been considered at some length and in some detail in the new committee that was established for the first time this year, namely, the committee on estimates. It was the hope and expectation of my hon. friend the Minister of Finance, which he expressed in this house when the committee was set up, that one of the advantages of having the committee would be that a lot of the discussion on detail which had formerly taken place in the house would take place upstairs. Now, I believe that did happen, and the verbatim proceedings have been published and are available to all hon. members. It would be my intention, sir, if it met with the wishes of the committee, where a question was repeated here that had already been asked upstairs, simply to draw attention to the answer in the proceedings, with a view to saving time, and I am sure that would be equally convenient for purposes of reference.

In view of the fact that there has been such detailed consideration of the estimates elsewhere, I had not thought of making any statement about the work of the department.

Mr. Fulton: Mr. Chairman, as the minister has said, the estimates of this department were the first to be referred to the new committee on estimates which was set up during this session. It is my expectation, and it will probably be found, that the very extensive consideration given to the estimates there will result in the saving of time in the committee of supply. However, I would not be prepared to go quite so far as the minister has indicated he would wish to see done in

each case; that is, that where a question is raised here which was discussed in that committee, the matter might be left, so far as he is concerned, by merely referring us to the page number at which the discussion in the committee will be found. It is my view rather that while the review of the department's estimates which was carried out in the committee will be productive of a saving of time of this committee of supply with respect to matters of detail, and that is where I personally would expect to see the greatest saving of time here, nevertheless, where for instance in the special committee on estimates some matter of departmental administration of major concern involving the practices and policies of the department with respect to administration was raised and was the subject of considerable attention, I do not consider it is sufficient to deal with it here simply by saying that it was discussed in the estimates committee and hon. members will find it at page so-and-so of the proceedings.

My feeling on the matter, and I express only a personal opinion but I think it is a pattern which logically we might hope to have developed, is that the discussion or repetition, shall I say, of details with respect to expenditures would be avoided but that discussion of important matters of administration might be carried on here in, if I may use the expression, a somewhat more apposite manner as a result of the discussions which we have had upstairs, but not that they would be sidetracked by simply saying that they had been discussed already.

Coming then to the estimates themselves, I am not going to follow what has sometimes been the practice on the part of the opposition of making extended criticisms of departmental administrative practices on the first item for the reason that we have had that already in the committee, but I do feel bound to observe that the report of the special committee contented itself by saying:

> Your committee has considered and approved items numbered 59 to 83 inclusive, listed in the main estimates 1955-56 relating to the Department of Citizenship and Immigration, referred to it by the house on February 22, 1955.
>
> A copy of the proceedings of the committee in respect thereof is appended.

We of the official opposition do not regard that report as being an adequate reflection or summary of the considerations of the committee. We believe that there should have been more detailed findings and recommendations reported by that committee to the house as a result of the evidence which came out in the committee and as a result of the attitude of the minister and his supporters in the committee with respect to our demands for information as to how this department was administered.

I am not going to rehearse, even in general let alone in detail, all the deliberations of the committee and the various controversies which took place there. They are to be found in the proceedings and I think they are pretty well known to the house and the country through the press, through the proceedings and through other media. However, I shall endeavour to summarize what were in our view the main features which were established by the work of that committee.

First, in spite of the minister's apparent readiness to answer questions which were directed to him, and in some cases to have his officials answer questions with respect to details of administration, to a large extent that was camouflage under which the committee, even though it asked really searching questions, was unable to acquire important information as to some aspects of the administration of the department. That denial was achieved in part by the limitation imposed on the committee by its terms of reference and in part by the attitude of the minister himself when suggestions as to the calling of witnesses, the production of documents and so on were made.

The attitude of the minister in those cases was that these requests should not be complied with. After he had had himself made a member of the committee he was in a position to give a very powerful lead to his supporters with the result that on several occasions perfectly proper suggestions for the obtaining of important information as to the affairs of this department were denied, either by a ruling of the chairman which was sustained by the government majority or by a straight vote of the government majority on the motion itself.

I make this statement here that this committee was not in our view granted an opportunity of an effective and unfettered inquiry into the administrative practices of this department which we had hoped would take place after the committee was set up. To that extent the report of the committee which I read a few moments ago is not an accurate reflection of the information which this house should have on the practices and policies of this department.

We are dissatisfied, and I submit that the country is dissatisfied today as it was at the beginning of this session and as it has been over the past several years, with the state of affairs in the Department of Citizenship and Immigration. That dissatisfaction found its most immediate and pointed expression in recent years in the resolutions and

reports which were passed at the Canadian Bar Association convention in Winnipeg last year. We ourselves expressed our criticism of the policies and the administration of the department and indicated our own views of what should be the policy with respect to immigration in the debate which took place shortly after the beginning of the session. I shall not refer further to that debate except to say that the views we expressed at that time are unchanged by anything we have learned since. Our views are to a large extent confirmed by our inability to obtain information to which we felt we had a right.

This feeling and the facts upon which it was based we attempted to summarize—I am speaking now for the official opposition —in three amendments which we moved in the committee at its last session when it was considering its report to the house. I am going to ask the indulgence of the committee to read these amendments in full because in my view they represent what the committee should have found and reported to the house as the basis upon which the house itself might then expect and require of the government that there be substantial changes in the practices of this department. I shall not read in full the first amendment which we moved to the effect that the terms of reference of the committee should be enlarged. That matter has been discussed fully and the views of ourselves and of the government on that are well known. I merely repeat that we feel the committee should have had the right to summon witnesses and send for papers if it felt at any time that that was desirable and would help its inquiry. At the present time the committee is inhibited from doing so by the limitation of its terms of reference.

The third amendment which we moved and which I intend to read contains perhaps the meat of our criticism of the department in so far as its policies and administration are concerned. The other amendment refers to some savings in expenditure which we thought could be effected. This particular amendment was moved by me and reads:

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

"Your committee has devoted a good deal of attention to the administrative practices of this department, particularly of the immigration branch, with a view to determining whether greater efficiency, and therefore economy, could be effected. Departmental officials laid considerable emphasis on the complicated and time-consuming process involved in, and the very large volume of correspondence necessitated by, the present method of dealing with rejected applications for admission to Canada.

The evidence of these officials appears to establish that the present method necessarily involved great expense not only to the department but to the applicant and his sponsor in Canada. Cases seem to be decided without reference to the decisions in other cases, and no sufficient attempt seems to be made to establish uniformity of decision. The reference here and in succeeding paragraphs is specifically to cases where a prospective immigrant is sponsored by an applicant who is a Canadian citizen.

It occurs to your committee therefore that it would be desirable, and more economical, if in these cases some more simple method could be devised, whereby reviews might be conducted in accordance with well established and generally understood rules, capable of general application to broad classifications of cases, instead of on the basis of individual discretion of junior officials which is frequently exercised to opposite effect in similar cases.

Furthermore, your committee was disturbed by the evidence of a substantial number of irregularities on the part of some immigration officers, involving acceptance of secret commissions or bribes. Evidence was given—

I want to stress that this was evidence that was given before the committee.

—that there were four groups of such cases arising out of applications processed through the Montreal office alone, the fourth group involving a minimum of 75 individual applications. The effect of the bribes was either to secure improper advancement of applications or in some cases the illegal admission of applicants. Your committee appreciates that loyal service is given by the vast majority of immigration officials, but cannot overlook the urgency of ensuring that administrative procedures be reviewed to ensure the elimination of such incidents in future.

In this respect, the secrecy which surrounds the processing of immigration applications, and the lack of opportunities to the applicant, his sponsor, or their solicitor, to inspect files and obtain full information as to the reasons for the disposition of the case, coupled with the enormously wide discretionary power given to immigration officers under the act, do seem to your committee to bring about a set of circumstances where these officers are placed in a position which invites the unscrupulous to take advantage of opportunities for improper personal profit with very little chance of detection.

Your committee desires to emphasize its admiration and respect for the loyalty of all but a small fraction of the officers, but feels that in fairness to the great body of honest officials, as well as from the point of view of increased economy and efficiency, every precaution should be taken to ensure that dishonesty cannot be practised by the few with impunity.

It became apparent also in the course of the committee's study that the present practice results in a refusal of information and reasons to applicants and their sponsors who are Canadian citizens, which is quite contrary to generally accepted concepts of what should be expected from an administrative body, and produces a deep sense of injustice.

All the foregoing considerations have led your committee to conclude that the setting up of a simple and routine review procedure for rejected cases, in which the maximum amount of information consistent with security would be furnished as to the reasons for rejection, would result in a very substantial saving of time and money to the department and to the applicant and his Canadian sponsor, would minimize the chances for corrupt practices, and would bring the administrative practices of the department into conformity with proper standards of justice.

Your committee therefore recommends:

(a) That the department set up a review board along the lines of the immigration appeal board contemplated in the act.

(b) That the maximum information consistent with security be furnished to applicants as to reasons for their rejection, and, with the consent of the applicant, be furnished to their Canadian sponsors.

(c) That the review board give reasons for its decisions and that a body of administrative precedents be thus built up which is available to and known by departmental officials, applicants, sponsors, and their solicitors or counsel.

Of course, Mr. Chairman, I have to point out that that recommendation which we made was rejected by the government majority, in that matter receiving as usual a lead from the minister, although the recommendation was supported, as I recall, by the combined opposition members present at the committee meeting. Nevertheless, it reflects our feeling with respect to the evidence and the facts we were able to bring before the committee, that the departmental administrative practices should be amended along the lines embodied in that resolution.

Unfortunately it has to be regarded as a fact that the minister's attitude in the committee made it perfectly clear that so far as he was concerned, and so long as he was minister, these and similar serious suggestions made by others would not be taken seriously and that the practices would remain substantially as they are now. This is unfortunate in the extreme, because, just in case anyone may be inclined to think that this represents a criticism advanced by the Conservative party for political purposes and is not one which is widely supported throughout the country, I should like to place before the committee at this stage some extracts from a judgment of the court of appeal of Ontario in a recent case arising out of the practices and procedures of the immigration department. This is particularly apt under the present circumstances and in connection with the present discussion, because we are very much concerned on this side of the house—and I know I state a fact when I say that the people of Canada are very much concerned—with the arbitrary methods followed in the department in dealing with immigration cases, the arbitrary refusal of adequate information to people who are concerned as to the reasons for rejection or the reasons for the order which may be made in deportation cases, and in general the arbitrary attitude which is in fact improper and would be recognized, I submit, by any other department of government under the circumstances as improper.

I shall not say that I was pleased at this —no one can be pleased when evidence of these improper practices comes to light—but I was interested to find that the view we took has been supported in this case, which is entitled "In the Matter of an Application by Shirley Kathleen Brent, formerly Shirley Kathleen Taylor, for the issue of a writ of habeas corpus with certiorari in aid, and in the matter of the statutes of Canada (1866) 29 and 30, Victoria, chapter 45, and in the matter of rule 622."

This was an appeal from a decision of Mr. Justice Wilson of the Ontario supreme court, who had found in favour of Mrs. Brent and against the department, the appeal being taken by the department to the Ontario court of appeal. The judgment was delivered on April 5, 1955, by Mr. Justice Aylesworth on behalf of the court, the other judges, who are Mr. Justice Roach and Mr. Justice Gibson, concurring in Mr. Justice Aylesworth's reasons for judgment. I pause here to observe that Mr. Justice Gibson, presently of the appeal court of Ontario, is a former distinguished member of this government, a former minister of the Department of Citizenship and Immigration and—

Mr. Pickersgill: Oh, no.

Mr. Fulton: It was not then the Department of Citizenship and Immigration, but he was the minister who formerly was responsible for immigration matters now coming under this department. This case is cause for particular concern in that this judge has indicated his concurrence in these very strong criticisms pronounced by his brother judge with respect to the practices of the department.

I now come to the reading of the reasons for judgment. I do not have a copy of the official report in the form of a law report, but I have here a copy, which I should be glad to make available to the minister or to table in the house if it is desired, and which I am given to understand is a copy of the reasons for judgment as handed down by the court in this case.

I wish to read a passage starting at page 5 of the typewritten copy I have in my hand. First of all, may I explain the context by saying that the case as it was before Mr. Justice Wilson, from whose judgment the appeal was taken, was an appeal by Mrs. Brent against the order for deportation and the hearing under the order which had been granted to her, her contention being she had been supplied with no reasons for the making of the order with the result that she was entirely unable in effect to present any intelligent argument against the order, and that by denying to her and to her counsel a statement of the reasons upon which the order was based she was in effect denied her rights for a hearing.

Mr. Justice Wilson found in no uncertain terms that she was thus denied the rights which are fundamental to all Canadians and to our system of justice, and his reasoning was confirmed by the court of appeal in the following passages:

It will be seen at once that the specific subject matters concerning which his excellency in council is authorized to make regulations under clause (g) of section 61—

The reference is to the Immigration Act.

—are repeated verbatim in regulation 20 (4) except for the omission of the word "climatic". Obviously then, this regulation is designed to "regulate" as to those specific subject matters and those alone—not as to "carrying into effect the purposes and provisions" of the act in some other direction. Its effect, moreover, is not regulation by his excellency in council but regulation individually by any number of special inquiry officers scattered throughout the country, each according to his own "opinion".

If these "opinions" always coincided, that would be nothing short of miraculous; it would be cause for astonishment if they ever coincided, considering the extreme generality of the terms employed, the wide field each term covers and the application of each "temporarily or otherwise" either to conditions in Canada or in some other country. In short, those limited powers of legislation, wide though the limits of the subject matter may be, which parliament has delegated to his excellency in council, have not been exercised by the delegate at all—

The delegate being his excellency in council.

—but, on the contrary, by him have been redelegated bodily, for exercise not merely by some one other individual but, respectively and independently of each other, by every special inquiry officer who sees fit to invoke them and according to "the opinion" of each such subdelegate.

Mr. Justice Aylesworth continues:

I can find nothing in the act expressly (or by inference, if that is permissible) manifesting any intention to permit or authorize any such procedure. On the other hand, it is reasonable to suppose that what parliament had in contemplation was the enactment of such regulations relevant to the named subject matters, or some of them, as in his excellency in council's own opinion were advisable and as, therefore, would be of general application to persons seeking entry into Canada regardless of the particular port of entry involved.

Surely, what was intended was legislation enacted by his excellency in council according to his wisdom and broad experience, prescribing standards for the general guidance of immigration officers and special inquiry officers operating at or near the borders of the country, not a wide divergency of rules and opinions ever changing according to the individual notions of such officers. The regulation is invalid and the order of deportation based upon it is invalid likewise, *delegatus non potest delegare*—

Then he cites a number of decisions which, for the sake of completion, perhaps I should include.

—Re Chemical Reference, (1943) S.C.R. 1; In Re Behari Lal et al., 13 B.C.R. 415; Geraghty *v.* Porter (1917), N.Z.L.R. 554; Halsbury 2nd Edition, Vol. 6, p. 527, para. 652 and p. 533, para 662, note (d).

Then the learned judge went on to say that he would quash the deportation order.

[Mr. Fulton.]

Not only did he thus condemn the practice of the department in giving regulation-making power to all these special inquiry officers with the inevitable result, as pointed out by the learned judge, that the regulations and thus, to speak in general terms, the laws regarding immigration in one part of Canada would be entirely different from what they were in another which could only result in a denial of the very elementary principles of justice. The learned judge went on to condemn in the most outspoken terms the methods and practices under which these inquiries or hearings are taking place before these special inquiry officers. I read now from the bottom of page 7 of the typewritten transcript which I have in my possession.

Section 27 stipulates that the inquiry shall be in the presence of the person concerned wherever practicable; that the person concerned may, if desired, be represented by counsel; that the special inquiry officer may receive and base his decision upon evidence considered credible or trustworthy by him and that the burden of proving that he is not prohibited from coming into Canada rests upon the applicant for admission. Unless these provisions, to adopt the language of Duff J., as he then was, in Samejima *v.* The King (1932) S.C.R. 640 at 642 are to be reduced "to the merest parade of words", a hearing before a special inquiry officer is to be a hearing brought about by an intelligible report of an immigration officer which specifies a provision of the act or of the regulations which will be infringed if entry into Canada is permitted, a disclosure at the inquiry itself to the applicant for admission of the provision which the immigration officer thinks should exclude him or her and an examination by the special inquiry officer into the facts relating to that provision, including the taking of evidence, if necessary, relevant thereto. Otherwise, the whole proceedings are reduced to an absolute farce . . .

How often have we heard those words used in this house and the suggestion made that these are exaggerated statements made by members of the opposition for political purposes. These words are the words of a learned justice of the court of appeal of Ontario, concurred in by Mr. Justice Gibson, a former minister of the government having charge of the same work.

Otherwise, the whole proceedings are reduced to an absolute farce, leaving not only the special inquiry without direction or purpose, but the applicant for entry into Canada in complete ignorance of where lies the burden which he or she is required to discharge, or wherein his or her admission into Canada is alleged to infringe the act or regulations. In case at bar it is established beyond controversy that at the opening of the hearing before the special inquiry officer respondent was in exactly this hopeless position. She did not "understand" this regulation—a lack of understanding which I find no difficulty in comprehending—whereupon the special inquiry officer contented himself with informing the respondent that she could "read English". The decision of the special inquiry officer and the deportation order consequent thereon, states that

respondent does not "meet the requirements" of paragraph (b) of subsection 4 of section 20 of the immigration regulations.

That is the extent, I might interpolate, of the reasons given for the finding under which the applicant was to be deported. Continuing with the words of the learned judge:

If those requirements were to be met in their entirety and without any indication of any particular alleged infringement thereof, an endeavour to do so, however earnest, would be absolutely impossible. For these reasons also the order is bad and should be quashed.

So that judgment consists of two main findings which, Mr. Chairman, are unfortunately typical of the situation in which applicants for immigration into Canada find themselves, and in which the sponsors of applicants for immigration into Canada also find themselves. These are as follows: First, that the regulations laying down the circumstances governing admissibility or non-admissibility are not made by the governor in council but are by him delegated—I do not use these words in a derogatory sense because there have to be junior officials—to junior officials all across Canada. The result is that the terms of admissibility or non-admissibility vary from port of entry to port of entry.

Second, and more important I think, when an order adverse to an applicant is made, the applicant, his sponsor and interested persons on his behalf are denied all possibility of finding out what are the reasons for such adverse order. The result is, as the learned judge says, any appeal procedure becomes an absolute farce and any attempt by the applicant to bring himself within the requirements, however earnest, becomes an absolute impossibility.

It was on these two main features of departmental administration that our criticism in the debate earlier in this session, to which I have referred, the findings of the Canadian Bar Association, our criticisms in the special committee on estimates, and our various other criticisms of the department, have all been based. These feelings are, I submit, not only substantially but in the greatest particularity confirmed by the opinion of Mr. Justice Aylesworth, concurred in by his two colleagues of the Ontario court of appeal. It is therefore, to my mind, regrettable in the extreme that the minister continues in his obstinate and obdurate attitude, that there is nothing wrong with the administrative practice of this department; that there is nothing to be changed, and nothing will be changed. Indeed, more than that, inherent in his attitude throughout is the feeling that any criticism of the administrative practices, of the principles upon which they are based, whether they be made by members of the opposition, by members of the bar association who devoted over two years of study to it, or others, are improperly conceived and brought through improper motives. The minister went so far as to suggest, particularly with respect to the bar association, that the criticisms were not worthy of his serious consideration.

For these reasons, Mr. Chairman, it will be obvious that the view of the official opposition, as has been previously expressed, is that we have no confidence in the policies of the government with respect to immigration; that we have no confidence in the principles upon which their administrative practices are based; and that we will not have confidence nor will the people of the country have confidence in these respects until a fundamental change is made with respect to the administration and policies of this department.

I want now to refer very briefly to another of the shortcomings of the department. Here I refer to a statement made by the minister himself in Victoria during the Easter recess. I shall try, Mr. Chairman, to keep my criticism here on a factual and entirely non-personal basis. I base my criticism on the minister's statement entirely on the fact that he is Minister of Citizenship and Immigration. I ask him to understand what I mean when I say that, because I think that that was not only an unfortunate but an entirely improper statement to have been made by one who is the Minister of Citizenship and Immigration.

Mr. Pickersgill: I may tell the hon. gentleman, Mr. Chairman, that I accept his statement in exactly the spirit in which it is made. I am sure the hon. gentleman would help the committee, and I know he would help me, if he would tell us what statement, and to what words he is referring. The only report of what I said at Victoria that I accept as in any way an accurate report of what I said there is the report that appeared in the Victoria *Times*. The report which appeared in the Victoria *Colonist*, and which was the basis of reports that were spread all over Canada by Canadian Press, is—though I do not quarrel with the words—entirely misleading and erroneous, as my hon. friend from Victoria (Mr. Fairey) demonstrated in the house yesterday afternoon.

In this committee, sir, I believe it is a rule, although I do not insist upon it in the least, that any hon. member's word as to what he said must be accepted. I am quite prepared to accept and be criticized for the words that appeared in the Victoria *Times*, but I am not prepared for one minute to accept the highly erroneous report, as to meaning, that appeared in the Victoria *Colonist* and was reported all over this country.

Mr. Fulton: I have to say that I have not either the Victoria *Times* or the Victoria *Colonist* before me. I am quite prepared to meet the minister on those terms and to criticize a statement which he says was an accurate report of what he said.

Mr. Pickersgill: Yes, I do.

Mr. Fulton: Unfortunately I had to be in another committee yesterday afternoon so I was not in the house when the hon. member for Victoria, B.C., placed, as I understand it, the two conflicting reports on the record. Perhaps if the minister could give me the page reference in *Hansard*—

Mr. Pickersgill: I do not think, sir, I could help the hon. gentleman that way because all that was placed on the record by the hon. member for Victoria, B.C., was an editorial which appeared in the Victoria *Times*. But I happen to have in my possession the news report that appeared in the Victoria *Times*.

Mr. Fulton: Perhaps the minister could shorten this up by telling us what he did say, and then we would be able to criticize him on his own ground.

Mr. Pickersgill: I would be delighted if hon. gentlemen did not believe it was an infringement of privilege to read a speech I made in Windsor last Saturday in which I did explain quite carefully what I had said.

Mr. Fulton: I have the text of the hon. gentleman's speech in Windsor, and as I recall it the minister does not quote himself. He attempts to explain himself, but he does not quote himself.

Mr. Pickersgill: That is quite right. I would not presume to attempt to quote myself because, although I flatter myself I have a rather good memory, I made the speech at Victoria as a politician and as all of us in this house do as politicians, with a few notes on a single piece of paper. I had no text and no transcript was made of my speech. I would not undertake to say precisely, word for word, what I did say. That is why I say I am quite willing to accept the report which appeared in the Victoria *Times*. As soon as I can dig it out of these other papers, I will send it over to my hon. friend.

In fact, I think if the hon. gentleman would permit me,—

Mr. Fulton: Perhaps I could put it on the record so we would all have it. Perhaps the minister would be satisfied if I took, as an accurate report of what he said, his own words which do appear on the record at pages 2892 and 2893 of *Hansard* for April 18, 1955. These words are contained in a letter which he wrote to the hon. member for Broadview, and in which the minister stated what he did say.

Mr. Pickersgill: In so far as the one sentence is concerned, I accept that unreservedly.

Mr. Fulton: That is the only sentence with which I am concerned. So there may be no doubt about the matter and so there will be no question of taking unfair advantage of the minister, I will read it. In the letter to the hon. member for Broadview the minister says:

It went like this:

Referring to the passage to which criticism was directed.

Mr. Pickersgill: To the sentence.

Mr. Fulton: Yes, to the sentence which has given rise to the criticism.

> We all want to increase the population of this country and for that purpose if they are equally good people I don't believe that any immigrant, no matter where he comes from or how good he is, is as good as another Canadian baby, because the immigrant has to learn to be a Canadian and the baby is a Canadian to start with.

That is the end of the minister's quotation. This matter is one which could be treated with a good deal of levity but my criticism, as I said before, is based on the fact that this is an improper statement to have been made by a person who is Minister of Citizenship and Immigration.

It may have been a smart thing to say; it may have been a clever thing to say, if it had been said in private, and by a private citizen; but it is neither smart nor clever nor proper, in my submission, when it is said by the person who is the Minister of Citizenship and Immigration, charged with the administration of the immigration policy of the government, a policy which, as we are told—although I agree that there is considerable confusion as to what it is—is the encouragement of immigration into Canada, on a selective basis, of persons who will make good citizens. That, from the conflicting statements that have been made, is my understanding of the nub of the minister's policy.

This country is in need of such immigrants. If I have stated fairly the policy that I understand the minister is supposed to be following—

Mr. Pickersgill: I take no exception to that at all.

Mr. Fulton: —then I say that is a most improper statement to have been made by the minister.

But I am not going to rely upon my own opinion only in this connection. I am going

to rely upon words which are taken from the Winnipeg *Free Press* in this connection. And I do so because, although I think it would be accurate to say that that paper is not too friendly disposed toward this minister, personally—

Mr. Pickersgill: Apparently not.

Mr. Fulton: —it is, nevertheless, by and large a supporter of this government. And therefore in its criticism of a minister of this government it can be expected to put the case as fairly as the case can be put. And I find that the minister, from the outset, has been in difficulty as a result of this statement which he made in Victoria. He has been explaining it or attempting to explain it in almost every speech he has made since.

Mr. Pickersgill: What is the date of that editorial, by the way?

Mr. Fulton: There are two editorials in the Winnipeg *Free Press,* and there is a press report. There is an editorial in the Winnipeg *Free Press* which, I believe, appeared on April 17. What I have here is a reproduction of it in the Montreal *Gazette* of April 18. Then there is another editorial in the Winnipeg *Free Press,* taken from that paper itself, which I have before me, dated April 18. And there is a press report from the Winnipeg *Free Press* dated April 18.

Mr. Pickersgill: "In every speech he has made since" happens to be one speech.

Mr. Fulton: Well, the minister explained it in Winnipeg.

Mr. Pickersgill: I made no speech in Winnipeg, sir.

Mr. Fulton: Well, every time the minister opens his mouth he tries to make a speech. In Winnipeg, in the article referred to, the minister was interviewed by a press correspondent. The minister knew he was a press man, and he knew he was being interviewed by a press man. He tried to explain it there, he tried to explain it in the house and he tried to explain it in Windsor, in the speech to which he has referred. And each time he tries to explain it he makes it worse.

The Winnipeg *Free Press,* in an editorial which I believe was in that newspaper on April 17, but which is found in the Montreal *Gazette* on April 18, has this to say about it:

> The latest remarks of the minister of immigration have incensed unusually many people, from the president of the Canadian Congress of Labor to the Toronto *Globe and Mail,* from Mr. George Hees to Mr. Solon Low. It is hard to see why he should be taken so much more seriously than he deserves. What Mr. Pickersgill said was, indeed, nonsense—in the exact sense of the word. It does not make sense to a reasonable man. But that is hardly an unprecedented quality in Mr. Pickersgill's pronouncements.

Unless the minister wishes me to include them, I shall leave out the next two or three sentences and proceed further down, where it says:

> No reasonable man really thinks that any Canadian baby, whatever its moral and mental and physical equipment, is more useful to the country than any immigrant; no reasonable man thinks that the services rendered to Canada by a new baby—services that will begin sixteen years or more hence—can be evaluated against the services of an immigrant, beginning now.

Mr. Pickersgill: And I never said so.

Mr. Fulton: It continues:

> Mr. Pickersgill is not really so unreasonable as that; he gets excited and ties himself up.

Well, the minister was interviewed on his way back from Victoria, at Winnipeg, and I have the report in the Winnipeg *Free Press* of April 18. I would say that the minister was shown the editorial, passages from which I have just read; and the press report of the interview contains these passages:

> A Canadian-born minister of citizenship and immigration stepped off the Dominion of Canada car at the Canadian Pacific station, smiled faintly and said the whole thing was all very silly.

Mr. Pickersgill: Well, isn't it?

Mr. Fulton: The minister's statement was not only silly; it was irresponsible and reprehensible.

Mr. Pickersgill: The quotation was certainly silly; and no one would agree with that more than I would.

Mr. Fulton: After all, if a speech is silly I do not see how any quotation from it could help being silly. Of course the quotation was silly. Then the minister was shown the editorial, and he asked if he could keep it. Then the report goes on:

> But the minister wanted to explain. What the Canadian Press had quoted him as saying was: "I don't believe any immigrant . . . no matter where he comes from or how good he is . . . is as good as another Canadian baby."
>
> Now, the minister smiled, if one considered his whole statement, one saw the thing in its proper perspective.
>
> "What I really said was that we wanted to increase the population of the country. For that purpose, if they were equally good people I didn't believe any immigrant, no matter how good he was or where he came from, was as good as another Canadian baby—

The minister is saying it all over again. That is my interjection.

> —because we brought people to this country to become Canadians—and the babies were Canadians to start with".

And this is the important part:

> But the minister admitted, the birth rate wasn't high enough to increase the population as fast as was desirable. Therefore the government had to encourage the next best thing—the entry of the "best kind" of immigrants.

Mr. Chairman, may I ask what kind of encouragement the minister thinks he is giving to the bringing of immigrants to Canada, when he makes the silly and reprehensible statements he has made? And then, one further passage:

Now, the minister continued, "it's all very silly, really—"

Mr. Pickersgill: Well, isn't it?

Mr. Fulton: Again I quite agree with the minister. I had hardly realized the extent of silliness of which the minister could be guilty. I am glad he agrees.

Mr. Pickersgill: I did not write that piece.

Mr. Fulton: This is a quotation.

Mr. Pickersgill: More quotations.

Mr. Fulton: It says:

Now, the minister continued, "it's all very silly, really. I wouldn't have got one-tenth the advertising if it was something sensible".

Mr. Pickersgill: Well, would I?

Mr. Fulton: Well, knowing this minister, there is no opportunity for comparison, because I am not aware of any reasonable statement the minister has made, on the basis of which a comparison could be drawn.

Then, the other editorial to which I wish to refer is the one in the Winnipeg *Free Press* of April 18 commenting on the interview in which the minister was quoted as I have just read it into the record. It says:

On Saturday Mr. Pickersgill, passing through Winnipeg, was questioned about babies. He explained to our reporter "what I really said" in Victoria: ". . . if they were equally good people, I didn't believe any immigrant, no matter how good he was or where he came from, was as good as another Canadian baby. . . ."

Sometimes, when people (native-born or otherwise) have great trouble with the language, a translation into simple mathematical terms helps to clarify their meaning. Mr. Pickersgill's meaning appears to be: if A and B are equal, he doesn't believe that A, whatever its size, is as big as B. Since Mr. Pickersgill is not, generally speaking, muddle-headed—

Mr. Pickersgill: Do you agree with that?

Mr. Fulton: Well—

Mr. Pickersgill: Perhaps the hon. gentleman would answer my question. Does he agree with that?

Mr. Fulton: Well, there are certain courtesies and proprieties which are expected to be observed between members in debates in this chamber, so I hope the minister will not press me too hard to answer that. It says:

Since Mr. Pickersgill is not, generally speaking, muddle-headed, only one purpose can rationally be assigned to this "explanation": Mr. Pickersgill wanted to confirm that what he said was nonsense. He also appeared to throw some other light on his motives: if, Mr. Pickersgill commented, he had said something sensible at Victoria, "I wouldn't have got one-tenth the advertising".

As I said when I first started to discuss this particular statement of the minister, Mr. Chairman, one could treat this with considerable levity, but I am not going to do so, although it is difficult to avoid the language of levity creeping in because the statement is so absurd. I am not going to do it because, as I have said, I consider the statement reprehensible, coming as it did from the Minister of Citizenship and Immigration. I consider it reprehensible because it is the policy of this government to bring desirable immigrants into Canada. That has been pointed out in one of the press articles which I quoted. It is considered that the native birth rate is not high enough to fill the population needs of Canada. This is official government policy. Therefore, the only effect of what the minister has said is to draw invidious comparisons between native-born Canadians and Canadians who came to this country as immigrants. That, Mr. Chairman, I am sure all members of the committee will agree is a reprehensible thing for the Minister of Citizenship and Immigration to have undertaken to do.

I am not surprised that the minister has been unable satisfactorily to explain what he said in spite of the many attempts he has made to do so. I have placed on the record here at length the editorials and the extracts of the minister's own words for the purpose of attempting to treat this as fairly as possible, making every effort to ascertain exactly what the minister did say. Then, taking his own words in explanation of what he said, one is unable to come to any other conclusion than that the Minister of Citizenship and Immigration has exhibited a degree of irresponsibility which confirms us in the opinion I expressed earlier, namely, that there is ample ground for the unfortunate conclusion that the policies of this government with respect to the Department of Citizenship and Immigration do not justify the confidence of the house or the country.

Mr. Pickersgill: I do not intend to take much of the time of the committee except on one point, the last point the hon. gentleman dealt with. The speech that I made in Victoria was listened to by a very distinguished and respected member of this house on whose behalf I spoke, a member who was, I believe, 20 years of age when he came to this country as an immigrant. It was listened to by my father in law, who was born in Ireland and who did not come here until he was half grown up; it was listened to by a group of East Indian Canadians who had

a most amicable conference with me afterwards. I received the warmest congratulations of a Chinese Canadian citizen. It was listened to by the usual audience in Victoria, where it is impossible to have an adult audience without having a large number of immigrants. Not one person there showed the slightest evidence that anything unusual, remarkable or noteworthy had been said because nothing remarkable or noteworthy had been said. All that was said—

Mr. Fulton: They probably could not believe it.

Mr. Pickersgill: —on that occasion, I feel perfectly certain that the hon. member for Nanaimo, who was kind enough to yield to me, would agree with. I discovered when I went and spent some time in England that it is hard when you are grown up to adapt yourself to the ways of a new country, and that is why I believe that for the purpose of increasing the population of a country, taking one person with another, if they are equally able and equally good, it is perfectly obvious that the person brought up in the country will, other things being equal, be able to make more easily the adaptation we all have to make if we are to live happily with our fellow men.

I said in that speech, and I am reported in the Victoria *Times* as having said it, that I was not asserting that Canadians were inherently superior to anybody else, or that there was any racial superiority or anything of that sort. I said none of these things. I repudiate them. As the hon. member for Victoria pointed out yesterday by reading the editorial from the Victoria *Times*, which, it is no secret, was written by someone who was in the audience, I said almost the exact opposite. This silly report, and no one will agree more completely than I do with the hon. member for Kamloops that this report, which was spread across this country by the Canadian Press—and I want to be fair to them, as the hon. member was not—they did not represent it as a quotation; they represented it as part of a quotation and there were dots indicating omissions in every report I saw.

To illustrate how easily this sort of thing can happen, I hold in my hand a clipping from the Victoria *Times* of October 20, 1954, which deals with a speech made in Victoria by the hon. member for Kamloops. Apparently I am not the only member of this house who speaks in Victoria.

Mr. Fulton: What is the date?

Mr. Pickersgill: October 20, 1954.

Mr. Dufresne: Is this a Liberal paper?

Mr. Pickersgill: It is a Liberal paper.

Mr. Dufresne: No doubt.

Mr. Fulton: It has not yet left the Liberal party, as the Vancouver *Sun* has done.

Mr. Pickersgill: No, not yet, nor is it likely to. Here is what the hon. member for Kamloops said in Victoria:

> Liberals, he said, paid "lip service" to British connections, but that was all. They had gone "pretty far along the road of whether or not we should remain a British nation."

That is all in quotation marks. Then the article goes on to say—and this is not in quotation marks; I suppose this is the sense of what he said—

> Elements against British ties were largely in Quebec, he said.

Mr. Gauthier (Portneuf): Ah, ah!

Mr. Dufresne: Who said that?

Mr. Pickersgill: The hon. member for Kamloops. If the Canadian Press had picked that one sentence up and spread it all across this country, it would probably have been unfair to the hon. member for Kamloops.

Mr. Fulton: You are now doing it.

Mr. Pickersgill: This is just the kind of—

Mr. Fulton: You are now doing it.

Mr. Pickersgill: This is just the kind of thing that happened to me. What I said in Winnipeg about advertising was meant to be taken lightly. It is a very great mistake, apparently, for a politician to make flippant remarks. I recognize it, and every time I do it I am duly contrite. I find that every time I make a flippant remark, in his presence, the hon. member for Kamloops takes the remark seriously, and I shall try hard in the future to be solemn, if I can. Sometimes it is difficult.

I want to say a little more about the less silly parts of the hon. gentleman's speech. The hon. gentleman referred to the Brent case. I must say that the judgment in the Brent case has occasioned me and my department very serious concern, and so it should. If the judgment in the Brent case were to stand we would have to give very serious consideration to the whole state of the immigration law. It is for that reason, and that reason alone, not because of the particular person involved, but because of the point of law involved, that it is my intention to recommend that we appeal that case to the Supreme Court of Canada. It is very important; it is absolutely vital to those of us who have to administer it and to this parliament and to everybody else to know for sure what

the immigration law of this country really is. Therefore, the only proper course to take is to appeal it and to find out what the body which we in this parliament have set up to be the final arbiter in these matters should say the law is in this regard. Therefore, I do not intend to say anything myself about the judgment in the Brent case.

The hon. gentleman said that, because I found it impossible to accept certain suggestions which he made in the committee upstairs, these and similar serious suggestions would not be taken seriously by the present minister. I think I can treat a statement like that as it deserves to be treated. I think I am pretty well known on both sides of this house and I do not think there are many hon. members who have not found me willing when I have made a mistake to say so at once, who have not found me willing when any sensible and legal and proper suggestion is made to try to carry it out. I hope that I shall continue to act in that way. If I ever become so set in my ways that I will not listen to reason from whatever quarter it comes, I hope the Canadian people will deal with me as I shall deserve to be dealt with.

Mr. Hamilton (Notre Dame de Grace): We shall miss you.

Mr. Pickersgill: The hon. member for Kamloops talked about the inability of the opposition to obtain information in the committee. I could quote the hon. member for Moose Jaw-Lake Centre, I could quote the hon. member for Jasper-Edson, and I could quote the hon. member for St. Paul's. However, as I said at the beginning, I do not intend to cumber the record with quotations from the proceedings of the committee on estimates.

I believe it is a fair statement to make to say that there was not a single question put to me or to my officials about my department that we did not attempt to answer fully in the committee. It is true that there were one or two questions asked about United States immigration laws and one or two questions about other departments; and I was indiscreet enough to give partial answers to them. I think perhaps that that was a mistake, but so far as my department was concerned I tried to provide every bit of information it was possible to give.

The hon. member talked about his inability to introduce other people into the committee, people who were not members of the committee, people who he evidently thought were superior to the members of the committee in their knowledge and ability. One reason I was not particularly keen to have these strangers introduced was that I have a rather high view of the members of this house, perhaps more so than the hon. member for Kamloops seems to have. It seems to me that the kind of experience which we have collectively in this house, the kind of experience which occasioned our election to this house, is the sort of thing which makes it more likely that hon. members of this house will be able to ask appropriate questions about departmental administration than any outsider, however specialized he may be.

It happened that there was really only one outsider whom the hon. gentleman seemed particularly anxious to bring into the committee, and because of that I intend to say something and I am not going to take any risks. The hon. gentleman referred to the committee and the findings of the Canadian Bar Association.

Mr. Fulton: I will correct that, I should have said the findings of the subcommittee on immigration of the civil liberties section of the Canadian Bar Association, accepted by that section.

Mr. Sinclair: Would the hon. member correct the speech he made on Quebec?

Mr. Fulton: It does not need correction. The minister has stated that he is quite aware that I did not say what was not in quotations.

Mr. Pickersgill: Oh, no, I did not say that. I said no doubt it was taken out of its context, but I did not say that the hon. gentleman did not say that. If the hon. gentleman wants to correct that, I am willing to concede him time in which to correct it.

Mr. Fulton: The minister has stated the true facts and I thank him for doing so. He said he knew I did not say that, and that to say I did would be unfair.

Mr. Pickersgill: I did not say that. I am willing to have the hon. gentleman misrepresent me if he wishes; it does not matter. I do not feel that I need to descend to using little bits and pieces of quotations to misrepresent my opponents. If I cannot do any better than that in public life, I shall leave it.

Mr. Fulton: We are waiting for you to.

Mr. Pickersgill: To come back to this matter of the Canadian Bar Association. A report was made by two out of three members of a subcommittee. So far as I have been able to find out there was not any report accepted or approved by anybody else except possibly the hon. member for Kamloops, and in that regard he can speak for himself.

Since the question of what happened regarding immigration at the Canadian Bar Association has been raised here, I should like to be permitted to read into the record

a statement of the facts as they are known to me. The accuracy of a number of things, certainly of some of my statements, was called in question by several newspapers while the committee was going on, and that is my reason for putting this statement on the record. I crave the indulgence of the committee in doing so.

I think generally speaking I have been very patient with interruptions in this house. I have tried never to object; I have always tried to resume my seat at any time that any hon. member wants to ask a question. I have never raised any objection to being interrupted, but I would crave the indulgence of the committee on this occasion to be allowed to make this statement without interruption. I have tried to make it as non-provocative and as factual as possible and in fairness I should like to have it appear as a single piece.

Mr. Diefenbaker: Before the minister starts would he indicate where he got the information upon which he bases this statement.

Mr. Pickersgill: I think the sources of the information will be quite apparent from the statement. If they are not, and if the hon. member will make a note of any of them, I shall endeavour to explain afterward. I have gone over this several times and I did try to make it as complete as I could.

I was aware that there was a subcommittee on immigration of the committee on civil liberties of the Canadian Bar Association, but I had no contact whatsoever with its activities before the meeting of the bar association in Winnipeg. I returned to Ottawa from Newfoundland at the time the presentation of the report and the attendant publicity in Winnipeg were at their height.

I learned that a report, dated August 27, 1954, and signed by John H. McDonald,chairman of the subcommittee, had been submitted to the Winnipeg meeting. My deputy minister had a copy of this document and I placed the full text on *Hansard* on February 17 last; it appears at pages 1241 and 1242. Paragraph 4 of that document contains the following passage:

> In addition a great deal of valuable research work was undertaken by John R. Taylor, a member of the committee. Mr. Taylor has reviewed over two hundred specific cases and has written four comprehensive reports on administrative procedures. These reports have been invaluable to the subcommittee and will form the basis for further study and representations. Copies of these reports are being filed with the chairman of the committee on civil liberties. However, the committee and particularly Mr. Taylor, the author, believe that until such time as the new Minister of Citizenship and Immigration has had an opportunity of reviewing the detailed material contained in these reports, they should not be generally distributed.

It is obvious from that passage that these four reports of Mr. Taylor's were not a part of the published report. On September 7, 1954, I received a letter from Mr. J. R. Taylor written from the hotel Palliser in Calgary. I read this letter to the special committee on estimates and it can be found at pages 129 to 131 of the proceedings of that committee for March 2. In that letter Mr. Taylor said:

> I desired that my reports be filed with the association but be not circulated.

Mr. Fulton: "Desired" is in the past tense?

Mr. Pickersgill: Yes, "desired".

> I understand John McDonald will be giving you a copy of his report—you will notice on page 2 of his report that mention is made that I desired "particularly" that the reports be not circulated.

That is the end of the quotation.

I was assured by my deputy minister that no other documents were made public in Winnipeg and no documents whatever were sent to me by Mr. Taylor or anyone else.

I was greatly surprised, therefore, when on February 17 the hon. member for Prince Albert quoted what he described as the report of the subcommittee. I stated, on a question of privilege reported on page 1259 of *Hansard*, that I had read the full report that was actually presented in Winnipeg and that the passage the hon. member was reading was not in that document. The hon. member then identified what he was reading as attachments or appendices to the report.

On February 18 I raised a point of order with respect to the documents which had been quoted by the hon. member for Prince Albert. I expressed the view that the house was entitled to have these documents identified and to have them laid on the table. The Speaker ruled that he did not have the power to require the hon. member to table the documents, and the hon. member for Prince Albert did not see fit to table them of his own motion. Indeed, when I ventured to ask him the date of one of the documents he had quoted, his reply was, and this is quoted from *Hansard*:

> Will the hon. member sit down? I am speaking.

At that time I had never seen the documents which the hon. member for Prince Albert was citing and had no way of identifying them. It is true, as I explained later in the estimates committee, that I had seen certain documents prepared by Mr. Taylor, which he had shown to my deputy minister and left with the department. It was not until March 2, 1955, when the hon. member for Kamloops read in the estimates committee a letter he had received from Mr. Taylor, that I learned for sure that two of the

documents in the departmental file were two of the four reports by Mr. Taylor.

In that letter, Mr. Taylor said:

> Copies of two of the reports of these studies, in their final form, were left with the deputy minister of citizenship and immigration in Ottawa on or about the 26th August, 1954, and the other two in original form were read and studied by him at that time. Copies of these last two reports were given to the deputy minister at Winnipeg by the writer. The deputy minister has, therefore, had in his possession copies of all four documents since the beginning of September, 1954.

The dates given in Mr. Taylor's letter to the hon. member for Kamloops made it clear to me for the first time that two of the documents we had in the department were copies of these reports of Mr. Taylor's.

The deputy minister has no recollection of being given the other two reports while he was in Winnipeg or since, and we have not been able to find copies of these documents in the departmental files. To the best of my knowledge and belief I have never seen them. I am not questioning Mr. Taylor's veracity, but it does seem probable that his recollection is not accurate; and that he did not give them to the deputy in Winnipeg. If he had given the documents to my deputy it is surprising that Mr. Taylor did not mention them to me in the letter he wrote to me in September.

Mr. Taylor also said in his letter to Mr. Fulton, and here again I quote:

> None of these reports was ever regarded as a secret or confidential document. They were delivered to the deputy minister in the hope, and with the expectation that he would analyze them and discuss them with the minister.

Needless to say, I did examine the two documents dated July 13 and July 20 when they were first shown to me by the deputy minister last September. One of these documents contains what purport to be summaries of applications for the admission to Canada of immigrants from China and the other contains similar material about applications for the admission of immigrants from India. I have had the documents carefully checked by the officials of my department and I am informed that, with the exception of one single case, every case referred to in these documents is a case which was handled by Mr. Taylor or by Mr. Taylor's law firm for clients of that firm. In other words, all the information contained in these documents is based on information given to Mr. Taylor by his clients or given to Mr. Taylor when acting for his clients by officers of the Department of Citizenship and Immigration.

When it became clear on March 2 that two documents in the departmental files were copies of two of Mr. Taylor's reports, I would have made them public at once but for one reason. I did not want to take the responsibility for making public documents which had never been communicated officially to my department, which were not part of the records of the department, and which were based almost entirely upon information about the private affairs of individuals which Mr. Taylor as a lawyer had acquired in his professional relationship with his clients.

When, however, the hon. member for Kamloops brought this matter up for the fourth or fifth or sixth time in the special committee on estimates on March 10, last, I made the following statement, and I am quoting from the proceedings of the committee:

> I might save a great deal of the time of the committee and enable the committee to make a much better decision about the motions raised by Mr. Fulton by saying that the last time this subject was brought up in the committee I was asked by one member the question as to who had signed the two documents in my deputy's possession which appeared to be the same as two of the documents referred to in Mr. Taylor's letter to Mr. Fulton. I examined the mimeographed documents which I have. They bear no signature, of course, but typed at the bottoms of both these documents is the name of Mr. Taylor and of Mr. Taylor only.
>
> Mr. Macnaughton: I think I asked you that question for the purpose of seeing how authentic these documents were.
>
> Mr. Pickersgill: I cannot vouch for that, but I am willing to say this right now, that Mr. Taylor put these documents into the possession of my deputy minister under certain conditions which both the deputy and I thought we understood, and which Mr. Taylor confirmed in writing to me in a letter which has been placed on the record of this committee. Then Mr. Taylor saw fit to write to Mr. Fulton, without doing me the courtesy of bothering to write to me, saying he was now prepared to have me take a different course. If Mr. Taylor wants to write to me direct and tell me he takes personal responsibility for these documents which bear his name only, I will lay them before the committee just as soon as I get Mr. Taylor's letter, and then the committee will have a chance to say whether the stuff in these documents give Mr. Taylor any particular title to appear as an expert in this matter. And if he wants to send me the two documents which I have not seen and which my deputy minister has not got in his possession I will be prepared to lay them on the table without even looking them over. I do not think, therefore, that we need to detain the committee for long on the subject of Mr. Fulton's motion.

Mr. Chairman, I stand by that offer. But so far I have had no word of any kind from Mr. Taylor about this subject.

Mr. Fulton: You have not written to him, have you?

Mr. Pickersgill: And so far I am still ignorant of the contents of two of his four reports—the one dated August 5 and the one dated August 10, 1954, referred to in Mr. Taylor's letter to the hon. member for Kamloops. I suspect, however, that they, like the other two documents, are confined to Chinese and Indian cases because Chinese

and Indian cases are the only ones Mr. Taylor has ever discussed with the department in his many and lengthy discussions with departmental officials.

Since the war, Canada has admitted nearly 1,200,000 immigrants. Of that very large number probably something fewer than 15,000 have been of Chinese or East Indian origin. Mr. Taylor's case against the department is based upon a relatively small number even of the Chinese and Indian cases. I think most members of the committee and most Canadians will regard this as a pretty narrow basis on which to convict the immigration branch of maladministration.

I have made these observations because I think the public is entitled to know the kind of basis there is for these charges. I have said over and over again that the department has not the slightest objection to the publication of these reports by Mr. Taylor, if he wants to publish them on his own responsibility. So far as I am concerned, sir, that is really all I have to say about this subject.

Mr. Cameron (Nanaimo): Mr. Chairman, I have no intention of beating this rather badly battered straw any further. As an immigrant baby I hesitate to deal with the relative merits of immigrant babies and native-born babies. The terrible thought does occur to me that had I been a native-born Canadian baby I might have met the dreadful fate of being a cabinet minister, or the equally dreadful fate of being a member of the official opposition. However, I think perhaps I am saved from this by the circumstances of my birth, deplorable though they may be.

Mr. Fulton: Ambitions as yet unrealized.

Mr. Cameron (Nanaimo): Yes, and, of course, forever beyond my reach because of the unfortunate circumstances of my birth.

Mr. Pickersgill: Rather, your party affiliation.

Mr. Cameron (Nanaimo): I do not think I will waste any more time on that. I believe the minister will agree it was a very silly thing to say. We all say silly things on occasion, but it is not worth all the fuss that has been made about it.

Mr. Pickersgill: I could not agree more.

Mr. Cameron (Nanaimo): I want to come back to the question of the administration of the department and deal with the case the hon. member for Kamloops brought up a while ago. I would recall to your mind, Mr. Chairman, that in the first discussions we had in the house respecting this department I brought up this particular case. You may recall that the minister questioned the propriety of my bringing it up, because it was then going before the courts.

I dropped the matter and discussed it no further, but I suggested at that time that all available evidence, all previous decisions, would indicate that the appeal court of Ontario would reject the appeal of the Department of Citizenship and Immigration in this case, and that it was merely another stubborn and obstinate attempt to get the courts of Canada to adopt a position they have consistently refused to adopt.

The minister tells us that he proposes to take this case to the Supreme Court of Canada. I suggest that this will be a waste of public money, and that before he does so he should examine very carefully the case of Samejima *v.* The King, referred to in this judgment, which I mentioned in the house earlier in the session, and the statements of the late Sir Lyman Duff in that connection, because it is a case that is completely on all fours with the Brent case.

It was the case that was quoted in every court where the Brent case was dealt with, and it went all the way to the Supreme Court of Canada. It became the type case for this sort of thing. There was a definite ruling by the supreme court over 20 years ago. I suggest that the Minister of Citizenship and Immigration should have very much firmer grounds than appear evident now for taking the Brent case to the Supreme Court of Canada and again asking the supreme judicial body of this country to reverse a decision they made previously and, moreover, to again question decisions that have been made in almost every court in Canada.

The Samejima case went from the supreme court of British Columbia to the appeal court of British Columbia to the Supreme Court of Canada. The Brent case has been dragged through the courts and is now apparently going to the topmost rung of the ladder. I suggest, sir, that this indicates a rather peculiar attitude on the part of the officials of the Department of Citizenship and Immigration. I cannot for the life of me see what excuse there is for doing it.

Mr. Pickersgill: In fairness, the decision is mine.

Mr. Cameron (Nanaimo): Oh, yes, quite right. I will certainly put all the blame on the minister.

Mr. Pickersgill: If you please.

Mr. Cameron (Nanaimo): I think he is very ill-advised to do so, and for the life of me I cannot see what excuse he has for doing it. He has case after case, decision after decision, and I think he is merely going to hold

up the department again to a certain amount of ridicule in the eyes of those who follow these cases.

There is another matter in connection with this decision that I think bears very serious study. I have no doubt whatever that the Supreme Court of Canada is going to uphold the Aylesworth decision. I see no reason to imagine that they would do otherwise than uphold the supreme and appeal courts of British Columbia, as in the Samejima case. When that is done, and I am sure it is going to be done, it will be necessary for the Department of Citizenship and Immigration not only to refrain from this obstinate and repeated attempt to get the courts to change their mind, but it will also be necessary for the department and the minister to set up new administrative machinery; because Mr. Justice Aylesworth quite bluntly tells them they are breaking the law by their present methods, that they are not holding the inquiries as set forth by the law, and that in order to do so they must establish different procedures. Mr. Justice Aylesworth points out that the governor general in council had no authority under the act to delegate the powers delegated to him as they are being delegated today.

In light of that, it will be necessary for the department to establish completely different methods of procedure in the holding of these deportation hearings. I think myself that is something that is long overdue. It is something which, once established, will go a long way to remove the cloud of suspicion and doubt that now hangs around this department. I would urge the minister most earnestly to consider seriously not wasting any more time or any more public funds in an attempt to get the courts to do something they have repeatedly said they will not do.

The Deputy Chairman: Order. I do not wish to interfere with the hon. member's line of argument at all in so far as the merits of necessary changes in the regulations of the immigration department are concerned, but it appears to me that perhaps I have been somewhat dilatory in not bringing this point to the attention of the committee before. If a case is before the courts I do not think it is competent for any member to express an opinion as to the outcome or merits of that particular case. I realize that the matter was not raised by the Chair before, and that perhaps more latitude has already been allowed than should have been, but I would ask the hon. member who now has the floor and those who follow him to endeavour to so arrange their remarks and arguments that they do not actually discuss the merits of a case which we are now informed is still before the courts.

Mr. Cameron (Nanaimo): I would point out to you, sir, that I only have official knowledge of the fact that this case has been decided by the appeal court of the province of Ontario. This afternoon the minister suggested that he was considering referring it to a higher court. As far as I know he has not yet done so. He may have done so. He did not raise that point and I suggest, Mr. Chairman, that he is the only person in possession of the knowledge that would enable him to raise that point of order against my remarks on this score. I think we have to have that much latitude. We surely cannot be shut out for fear that at some future time a case we are discussing is going to be taken to a higher court.

The Deputy Chairman: I had hoped to make it clear to the hon. member who has the floor that I did not wish to interfere with his argument at all except in so far as he was discussing the merits of a case which we now know is before the courts. I think I should say in passing that I feel it is not my duty to wait until a minister or someone else raises a point of order. If I believe anything is being said that is beyond the limits of order, it is my duty to point that out to the committee. I think the hon. member now realizes the situation we are in, and I am quite sure he can continue to criticize the methods of the department without actually expressing an opinion as to the outcome of a case which we now know is under appeal.

Mr. Cameron (Nanaimo): I am sorry, but with all due deference to you, sir, I am still quite in doubt and I must repeat this. I submit I am only out of order if you or someone else has definite knowledge that this matter has been formally taken to the supreme court. This committee has not been so informed.

Mr. Pickersgill: Well, sir, perhaps I ought to be a little more precise. It is my intention to recommend to the Attorney General of Canada, who does not happen to be in the chamber at the moment, that this case be appealed. It is my firm intention to do that; there is no question about that.

Mr. Cameron (Nanaimo): If that action had been taken it certainly would be out of order for any member to discuss this case, but until that action has been taken I suggest this is as far as it has gone. This court decision has been referred to, and incidentally I may say, sir, I do not presume to discuss that judgment from the point of view of the law, because I am not capable of doing so.

I am merely quoting the judgment of the learned justices of the appeal court of Ontario, and pointing out that their judgment coincides with judgments given repeatedly by other learned justices in other parts of Canada, as well as in the Supreme Court of Canada. I am questioning the wisdom of the minister in deciding to once again try to get the courts to do something they have more than once said they would not do.

The Deputy Chairman: Order. The hon. member may continue, but I called him to order because he was expressing the one opinion which I have now decided in my own mind he is not entitled to express in his comments, and that is what should be the outcome of the appeal of legal case.

Mr. Cameron (Nanaimo): I am not discussing what should be the outcome. I am discussing the wisdom of the department in placing this case before another court.

The Deputy Chairman: The hon. member may continue, and I think it is not necessary for us to carry on this discussion. The hon. member knows as well as I do—

Mr. Cameron (Nanaimo): I have finished making my point anyway, Mr. Chairman.

The Deputy Chairman: —that if it is unwise to appeal a certain case it can only be unwise because of the anticipated result of that appeal. I do not think it is necessary for the hon. gentleman and me to carry on the argument. I am ruling that the case is reported to us, so far as the Chair knows, as subject to appeal, and therefore a discussion of the outcome or the merits of the appeal is not in order.

At the same time, as I said when I raised this point, I realized there was considerable discussion of this matter earlier when perhaps we did not realize what the situation was. I feel quite certain that the hon. member's argument which I have interrupted could be continued without transgressing what have been the accepted rules of this committee.

Mr. Cameron (Nanaimo): This puts me in a very difficult position, and will put several members of this committee in a difficult position, because you are not merely ruling out discussion of this case, but you are ruling out any discussion of every case that has come before the courts but has not yet gone to the Supreme Court of Canada. With regard to citizenship and immigration you are ruling that we have to wait until we hear definitely the minister has not decided to appeal before we can discuss the case.

Mr. Diefenbaker: On the point of order, Mr. Chairman, I submit that any suggestion on the part of the minister that the case may be appealed—

Mr. Pickersgill: I made no such suggestion.

Mr. Diefenbaker: The minister stated a while ago that there was a possibility this might be appealed. Whether or not he made that statement I am not saying, but that was the inference I took from his remarks.

Mr. Pickersgill: May I just clarify that point? What I said in response to the point raised by the hon. member for Nanaimo was that the case had not yet been appealed but it was my firm intention to recommend appeal to the Attorney General. As a matter of fact, I want to make it quite clear that I have raised no point about this discussion at all.

Mr. Diefenbaker: No, I do not suggest that. We have arrived at the point where you could call a case sub judice simply because of the fact that some day in the future the minister may decide to appeal. This ruling would deny discussion of almost any judgment. I submit with greatest respect to Your Honour than the hon. gentleman who has the floor is entitled to refer to a judgment which, until it is appealed, is the final judgment on this matter. This judgment represents an appeal from the original hearing of an application for habeas corpus and a motion by way of certiorari, and it is the final judgment on the subject until another appeal is made. The matter, therefore, is not sub judice, so I would urge with great respect that the hon. gentleman is entitled to proceed.

Mr. Fulton: My thought on the point of order was simply this. My understanding of the rule is that it is very clear. A case to be sub judice in the sense that it would be improper to discuss it here has to be before the courts, meaning that either a writ has been issued or some proceedings have been taken to commence action or, in the case of an appeal, that notice of the appeal has been filed. I am reasonably satisfied Your Honour will find that to be the rule; and viewed in that light, the mere declaration by a person of an intention to appeal, or a recommendation to the Attorney General that an appeal should be taken, is not, I think, sufficient to bring it within the rule and make the case sub judice.

Mr. Crestohl: With all due deference to the various experts, I am of the opinion that so long as the time for an appeal has not run out, the case is still sub judice. It is not a final judgment if the time for appeal in this

case has not run out as yet. An appeal may be launched at any time before the time does run out.

The Deputy Chairman: I think we can—did you want to speak to the point of order?

Mr. Cameron (Nanaimo): I still have something I want to say on this decision. I want to deal again with Mr. Justice Aylesworth's decision.

The Deputy Chairman: Does the hon. member wish to speak to the point of order?

Mr. Cameron (Nanaimo): No.

The Deputy Chairman: If I may put it this way, a point of order depends not only on a matter of law but on matters of fact as well. I think the committee will agree that a matter is sub judice which is actually before the court, and cannot properly be discussed within this house. The reason for that rule is fairly obvious, that there shall not be pressure of any kind brought from this legislative body upon the judicial branch of the government. So far I think we can agree.

Then, of course, the question we have before us now is, is this case before the courts or not? I am not prepared to go so far as has been suggested and say that as long as the case is capable of being appealed it may not be discussed here. I understood, in the rather rapid debate that has been going on, that a statement had been made that this case is definitely being appealed. I am in the hands of those who know the facts as to the status of this case. If this case is definitely being appealed in my opinion it is not capable of discussion in this house, for exactly the same reason that it would not be capable of discussion if the appeal were actually being argued, namely that knowing the case was going before the courts it would not be right for members of this house to discuss its merits. I think the committee will agree with me on that.

I believe we shall have to accept the word of the Minister of Citizenship and Immigration, who can tell us definitely whether or not this case is being appealed. If it is, I am going to rule that it should not be discussed at the present time. If it may be or may not be, then of course I am not in a position to rule that it should not be discussed, because we do not know that it is going to be appealed. So far as I am concerned the question is one of fact, as to whether or not this case is definitely being appealed. I would presume the Minister of Citizenship and Immigration is the only person who could inform us on that point.

Mr. Pickersgill: I shall assist the committee, if I can. I have refrained from discussing this case because, as I said, I intend to recommend to my colleague the Attorney General that the case be appealed. However, I have not yet made that recommendation to him, and I am not going to make his decision for him. Therefore I do not think one can say that the appeal has yet been entered. This is why I took no exception to what was being said about it by the hon. member for Kamloops or the hon. member for Nanaimo.

I think it would be improper for me to discuss the case, because I do intend to recommend appeal and, as I said before, I intend to recommend appeal because I want the final arbiter to say what the law is. But I would certainly say it is quite proper for the hon. member for Nanaimo to give reasons why he thinks it would be a waste of public money, as he has said, to make the appeal. I should think the hon. member could draw analogies between this and other cases, and so on. I felt I could take no exception to that and, therefore, did not raise the point. My only feeling is that I should not discuss it; but I did not feel that that self-denying ordinance should be applied to any other member.

The Deputy Chairman: If I have heard the Minister of Citizenship and Immigration correctly, while it is the intention to make certain recommendations it has not been definitely decided by the law officers of the crown that this appeal will be proceeded with. Under these circumstances I have cost this committee some 15 or 20 minutes which might otherwise have been spent in discussing the affairs of the department before the committee. However, I hope hon. members will agree that perhaps the time has not been wasted. I would hope also that the hon. member for Nanaimo would agree that it is very desirable that in this body we should not at any time discuss the merits of matters which are to be decided by the non-political branch of government, namely the judicial body.

I find myself now in the position that we will have to rely entirely upon the good judgment of the hon. member for Nanaimo as to the language in which he chooses to couch his criticisms of the administration of the Department of Citizenship and Immigration. Perhaps he would permit me to say, not in any debating sense at all, that in my opinion it would be advisable to be somewhat restrained in any language we might use respecting the merits of a case which we have some reason to believe is due to appear before the final court of appeal in the land.

Further than that I cannot go at the present time, and the hon. member for Nanaimo will be permitted to continue his

remarks and, of course, will not be penalized, in time, for the time lost because of this interruption.

Mr. Cameron (Nanaimo): Mr. Chairman, I have only one or two comments to make and, in doing so, I shall bear in mind what you have said. I am sorry if you had reason to believe that I have been unrestrained in my comments.

There is one point I do wish to bring to the attention of the minister, and that is the real burden of the criticism contained in this judgment which was, as I said, that the governor general in council had no legislative authority to delegate his powers and that, in order that the legislative powers delegated to the governor general in council be carried out, the minister should draft for the approval of the governor general in council a set of regulations by which officials could render similar decisions in any part of Canada rather than, as at present, leaving it to the responsibility of an individual official in any part of the country to make the decision for himself. That, I feel convinced, no matter what may be the outcome of this case, is something the minister will have to consider very seriously indeed.

After all, I would point out that it is a precedent followed by many other departments in carrying out regulative powers conferred upon them by the house.

Mr. Holowach: Mr. Chairman, my remarks will be brief. Let me say at the outset that we in this group attach a great deal of importance to the work of the Department of Citizenship and Immigration. In terms of future growth, and of making Canada a major power in terms of filling the vacuum in population—I might say the dangerous vacuum—which now exists, I think we will all agree that the minister has a great responsibility in the department of which he is in charge.

Further evidence that our people in Canada follow with great interest all facets of the activities of the department is clearly shown by the sensational publicity recently given to our minister by reason of his address in Victoria. I do not intend to labour that matter at all. I feel the minister has learned a lesson in that he must now realize that disturbing racial backgrounds and heritage is dangerous and these are sensitive matters with the people of Canada. Perhaps this offers a subject that could be exploited politically, but I do not think any useful purpose can be served by doing so. I personally have every confidence that our minister is anxious to do as good a job as he possibly can, and that he will bring in whatever improvements and corrections are necessary to make his one of the most efficient departments of government.

However, I would appreciate learning from him his views on another matter which is of concern to me, because I do believe that in a sense it reflects gross discrimination. Perhaps the minister will recall that when the initial debate on immigration took place in the house in February I brought the matter up casually. At this time I would appreciate if the minister would express his views. The matter I have in mind involves the status of certain babies.

The Deputy Chairman: Order. I am sorry to interrupt the hon. member but, it being five o'clock, the house will proceed with the consideration of private and public bills.

Item stands.

Progress reported.

PRIVATE BILLS

Mr. Speaker: There are several private bills to be studied in committee of the whole. Is it agreed that they should all be considered in one motion?

Some hon. Members: Agreed.

Mr. Speaker: Then is it agreed that I do leave the chair for the house to resolve itself into committee of the whole on certain private bills, namely orders numbers 25 to 153 inclusive?

Some hon. Members: Agreed.

FREDERICTON & GRAND LAKE COAL & RAILWAY COMPANY

The house in committee on Bill No. 307, respecting the Fredericton & Grand Lake Coal & Railway Company—Mr. Murphy (Westmorland)—Mr. Applewhaite in the chair.

On clause 1—*Undertaking of the Fredericton & Grand Lake Coal & Railway Company vested in Canadian Pacific Railway Company.*

Mr. Knowles: Mr. Chairman, would the sponsor of the bill indicate whether all parties concerned, principally the Fredericton and Grand Lake Coal and Railway Company and the Canadian Pacific Railway, have agreed with the request that this legislation be put through?

Mr. Murphy (Westmorland): The company, the Fredericton and Grand Lake Coal and Railway Company, is a wholly owned subsidiary of the Canadian Pacific Railway. Further than that, the Canadian Pacific Railway have a 999-year lease on the Fredericton and Grand Lake Coal and Railway Company.

Mr. Knowles: Was that not long enough?

Mr. Murphy (Westmorland): Well, this is a procedure that is being followed by the

Canadian National and Canadian Pacific to consolidate their holdings and reduce the number of companies, to simplify the organization.

Clause agreed to.

Clauses 2 and 3 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

ROYAL ARCHITECTURAL INSTITUTE OF CANADA

The house in committee on Bill No. 244, to consolidate and amend acts relating to the Royal Architectural Institute of Canada—Mr. Deschatelets—Mr. Applewhaite in the chair.

On clause 1—*Short title.*

Mr. Deschatelets: Mr. Chairman, in introducing this private bill on March 15 I made an unfortunate statement which I should like to correct. I quote from page 2046 of *Hansard* as follows:

> Architecture is the only profession, I think, which is not represented in this house. In view of the tremendous contribution of architects to the expansion of this country it is to be hoped that some day an architect will have the privilege of sitting in this house.

Later on my attention was drawn to the fact that one of our colleagues is a member of this profession. I refer to the hon. member for Quebec-Montmorency. Our colleague is a practising architect in the city of Quebec, a member of the P.Q.A.A. and a fellow of the R.A.I.C. I am therefore taking this opportunity to apologize to my colleague, the hon. member for Quebec-Montmorency, and I wish to add that the profession is not only represented here; it is represented by a learned and fine gentleman.

Mr. Knowles: Mr. Chairman, I have a question I should like to ask the hon. member for Maisonneuve-Rosemont who is sponsoring this bill. The title indicates that it does two things: it consolidates, and it amends an act which relates to the Royal Architectural Institute of Canada. It is quite obvious that it is a consolidating statute in that it puts together the various sections that are in chapter 82 of the statutes of 1908, chapter 64 of the statutes of 1912, and chapter 96 of the statutes of 1929. Can the hon. member indicate, either on clause 1, or on the appropriate clauses as we come to them, wherein there are any amendments?

As you, Mr. Chairman, pointed out on a previous occasion, a bill before this house is supposed to have on the righthand pages an indication of the changes that are being made. The righthand pages of this bill are all blank.

[Mr. Murphy (Westmorland).]

Can the hon. member for Maisonneuve-Rosemont indicate which clauses involve amendments?

Mr. Deschatelets: I do not know if I get the remarks of my hon. friend aright. Would he like me to indicate to him the changes in the original charter? That would be difficult to do because I have a note here that it is a consolidation, but the numbers of the paragraphs do not follow each other. It is pretty hard to indicate them in order.

Mr. Knowles: Is it more than just a rearranging of the existing statutes? Is that all there is to it, or does it make some changes of substance?

Mr. Deschatelets: No new powers are asked for in this bill. The membership is the same, the name is the same. I shall give some details to my hon. friend which may satisfy him. There are no special details to be given except to say that the bill indicates the importance of the institute. It enumerates the associations which will compose the institute. Since the last charter a few additional provincial associations have been added. It establishes the conditions under which the council of the institute can pass rules and regulations. In the original bill there were some conditions under which the council could pass rules and regulations but I would say that the conditions have been improved in this bill. The conditions are outlined under which the association can own property. The membership is the same; the name is the same. There are no important changes.

Mr. Knowles: That is satisfactory. I take it that in the main it is a consolidating act, although there are a few changes in view of the fact there are a few more associations in the country.

Clause agreed to.

Clauses 2 to 12 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 349, respecting Sharp & Dohme (Canada) Ltd.—Mr. McIlraith.

The Chairman: There are a number of divorce bills before the committee. Is it agreed that they be dealt with as one?

Mr. Knowles: How many are there, Mr. Chairman?

The Chairman: I can give the numbers: 196 to 231; 233 to 241; 246 to 255; 264 to 277; 286 to 302; 308 to 327; 329 to 348, all inclusive.

Mr. Knowles: My arithmetic makes that a total of 126 bills.

The Chairman: Is it agreed that they be taken as one?

Some hon. Members: Agreed.

Bill No. 196, for the relief of Olga Maikowski Hocaloski.—Mr. Hunter.

Bill No. 197, for the relief of Mary Evelyn Martinson Ross.—Mr. Hunter.

Bill No. 198, for the relief of Donald Muir Langton.—Mr. Hunter.

Bill No. 199, for the relief of Albert Ritchot. —Mr. Hunter.

Bill No. 200, for the relief of Annie Esther Vetter Meister.—Mr. Hunter.

Bill No. 201, for the relief of Carmen Lister Lees.—Mr. Hunter.

Bill No. 202, for the relief of Dawn Elsie Coles Ekers Bowen.—Mr. Hunter.

Bill No. 203, for the relief of Marion Murray Redburn.—Mr. Hunter.

Bill No. 204, for the relief of Anna Pearl Lingo DesMarais.—Mr. Hunter.

Bill No. 205, for the relief of Phyllis Geraldine Brown McLean.—Mr. Hunter.

Bill No. 206, for the relief of Eva Lilly Ware Deslauriers.—Mr. Hunter.

Bill No. 207, for the relief of Agnes Rose McKiernan Popadick.—Mr. Hunter.

Bill No. 208, for the relief of Rosalind Elaine Beinhaker Katz.—Mr. Hunter.

Bill No. 209, for the relief of Louis Kenneth Laurin.—Mr. Hunter.

Bill No. 210, for the relief of Eva Amelia Richardson Keyton.—Mr. Hunter.

Bill No. 211, for the relief of Francois-Xavier Lange.—Mr. Hunter.

Bill No. 212, for the relief of Aline Pelland Myre.—Mr. Hunter.

Bill No. 213, for the relief of Roscoe Winston Percy Soule.—Mr. Hunter.

Bill No. 214, for the relief of June Patricia Potter Cashman.—Mr. Hunter.

Bill No. 215, for the relief of Paul-Emile Roland Boisclair.—Mr. Hunter.

Bill No. 216, for the relief of Kathleen Swanson Butler.—Mr. Hunter.

Bill No. 217, for the relief of Freda Lutsky Perzow.—Mr. Hunter.

Bill No. 218, for the relief of Susie Earle Young.—Mr. Hunter.

Bill No. 219, for the relief of Joseph Willie Walter Stonehouse.—Mr. Hunter.

Bill No. 220, for the relief of Alexander Jakobszak.—Mr. Hunter.

Bill No. 221, for the relief of Margaret Thomson Kelso Midlick.—Mr. Hunter.

Bill No. 222, for the relief of Pansy Joy Cowen Kirby.—Mr. Hunter.

Bill No. 223, for the relief of Isabel Taylor Page Kingsley.—Mr. Hunter.

Bill No. 224, for the relief of Dorothy Winnifred Patricia Lawson Disken.—Mr. Hunter.

Bill No. 225, for the relief of Annie Kofman Liebman.—Mr. Hunter.

Bill No. 226, for the relief of Harry Elsworth Allton.—Mr. Hunter.

Bill No. 227, for the relief of Desire Cherry Szabo.—Mr. Hunter.

Bill No. 228, for the relief of William Edward Shanassy.—Mr. Hunter.

Bill No. 229, for the relief of Fernand Seguin.—Mr. Hunter.

Bill No. 230, for the relief of Joanna Florence Ritchie Leinonen.—Mr. Hunter.

Bill No. 231, for the relief of Joseph Telesphore Origene Dragon.—Mr. Hunter.

Bill No. 233, for the relief of Dorothy Katherine Beattie Gunston.—Mr. Hunter.

Bill No. 234, for the relief of Ellis Hamilton. —Mr. Hunter.

Bill No. 235, for the relief of Joan Shirley Davies Marchand—Mr. Hunter.

Bill No. 236, for the relief of Joseph Leon Gilles D'Avignon—Mr. Hunter.

Bill No. 237, for the relief of Mary Ritchie Fleming Benjamin—Mr. Hunter.

Bill No. 238, for the relief of Doris Wagner Arkin—Mr. Hunter.

Bill No. 239, for the relief of Lena Robitaille Barre—Mr. Hunter.

Bill No. 240, for the relief of Antonio Michetti—Mr. Hunter.

Bill No. 241, for the relief of Joseph Andre Roland Roy—Mr. Hunter.

Bill No. 246, for the relief of Ida Rose Amyot White—Mr. Hunter.

Bill No. 247, for the relief of Anne Gorin Seward—Mr. Hunter.

Bill No. 248, for the relief of George Daniel van der Beek—Mr. Hunter.

Bill No. 249, for the relief of Rhoda Beatrice Cree Denis—Mr. Hunter.

Bill No. 250, for the relief of Roma Gisser Baron—Mr. Hunter.

Bill No. 251, for the relief of Marie-Angeline Delledonne Salotti—Mr. Hunter.

Bill No. 252, for the relief of Mary Black Guthrie—Mr. Hunter.

Bill No. 253, for the relief of Albert Menard—Mr. Hunter.

Bill No. 254, for the relief of Patricia Galley Berger—Mr. Hunter.

Bill No. 255, for the relief of Elizabeth Glencross Marcoux—Mr. Hunter.

Bill No. 264, for the relief of Lorraine Bella Spegel Weisberg—Mr. Hunter.

Bill No. 265, for the relief of Frances Kellerman Rappoport—Mr. Hunter.

Bill No. 266, for the relief of Eleanor Grace Jones Graham—Mr. Hunter.

Bill No. 267, for the relief of Gabrielle Dallaire Boulet—Mr. Hunter.

Private Bills—Divorce

Bill No. 268, for the relief of Phyllis Elizabeth Warner Collins—Mr. Hunter.

Bill No. 269, for the relief of Margaret Gwendoline Turner Williams—Mr. Hunter.

Bill No. 270, for the relief of Mary Ferguson Wynter—Mr. Hunter.

Bill No. 271, for the relief of Sheila Winnifred Richardson Hiscock—Mr. Hunter.

Bill No. 272, for the relief of Anne Roitman Aronovitch—Mr. Hunter.

Bill No. 273, for the relief of Kathleen Gertrude King Laffin—Mr. Hunter.

Bill No. 274, for the relief of Gardner Hinckley Prescott—Mr. Hunter.

Bill No. 275, for the relief of Ethel Cope Veary—Mr. Hunter.

Bill No. 276, for the relief of Gordon Stewart Norris—Mr. Hunter.

Bill No. 277, for the relief of Lucille Grenier Desjardins—Mr. Hunter.

Bill No. 286, for the relief of Joseph Alexandre Roland Simard—Mr. Hunter.

Bill No. 287, for the relief of Winnifred Blanche Brook McGurk—Mr. Hunter.

Bill No. 288, for the relief of Gitel Shepsel Moscovitch.—Mr. Hunter.

Bill No. 289, for the relief of Susan Frosst Cohen.—Mr. Hunter.

Bill No. 290, for the relief of Norma Constance Parsons Lindsey.—Mr. Hunter.

Bill No. 291, for the relief of Erna Reiter Kastelberger.—Mr. Hunter.

Bill No. 292, for the relief of Nickola Bochna, otherwise known as Nicholas Bockan.—Mr. Hunter.

Bill No. 293, for the relief of Robert Fraser Callahan.—Mr. Hunter.

Bill No. 294, for the relief of Ruth Barsuk Cohen.—Mr. Hunter.

Bill No. 295, for the relief of Bernice Noble Comm.—Mr. Hunter.

Bill No. 296, for the relief of Francis Ambrose Higgins.—Mr. Hunter.

Bill No. 297, for the relief of Elizabeth Coyle Ellis Gibbons.—Mr. Hunter.

Bill No. 298, for the relief of Blanche Mary Shurge Labelle.—Mr. Hunter.

Bill No. 299, for the relief of Beatrice Teressa Mathewson Connell.—Mr. Hunter.

Bill No. 300, for the relief of Joyce Hilda Street Janson.—Mr. Hunter.

Bill No. 301, for the relief of Joyce Gertrude Haworth Rawlings.—Mr. Hunter.

Bill No. 302, for the relief of Jean Eudes Deschenes.—Mr. Hunter.

Bill No. 308, for the relief of Isidore Tremblay.—Mr. Hunter.

Bill No. 309, for the relief of Doris Lydia Kimber Keller.—Mr. Hunter.

Bill No. 310, for the relief of Letitia MacDonald Lanz.—Mr. Hunter.

[The Chairman.]

Bill No. 311, for the relief of Kurth Sauer.—Mr. Hunter.

Bill No. 312, for the relief of Marie Blanche Dionne Krysko.—Mr. Hunter.

Bill No. 313, for the relief of Edna Florence Helen Dawson Smith.—Mr. Hunter.

Bill No. 314, for the relief of Eldora Mary Mills Pope.—Mr. Hunter.

Bill No. 315, for the relief of Roberta Margaret Gilpin Chadsey.—Mr. Hunter.

Bill No. 316, for the relief of Anne Wahl Ryshpan.—Mr. Hunter.

Bill No. 317, for the relief of Marian Toba Wolfe Cohen.—Mr. Hunter.

Bill No. 318, for the relief of Bernice Elizabeth Lunan Day.—Mr. Hunter.

Bill No. 319, for the relief of Ross Harold Becker.—Mr. Hunter.

Bill No. 320, for the relief of Marie Anna Migneault Cloutier.—Mr. Hunter.

Bill No. 321, for the relief of Maria Camko Kowalew.—Mr. Hunter.

Bill No. 322, for the relief of Martin Yvon Blais.—Mr. Hunter.

Bill No. 323, for the relief of Margaret Moffatt Wilkie Johnson.—Mr. Hunter.

Bill No. 324, for the relief of Winnifred Herbert Chapman.—Mr. Hunter.

Bill No. 325, for the relief of Rocco Aldo Amaedeo Mastrocola.—Mr. Hunter.

Bill No. 326, for the relief of Marie Mae Séguin Le Moyne.—Mr. Hunter.

Bill No. 327, for the relief of Amy Joyce Markham King.—Mr. Hunter.

Bill No. 329, for the relief of Maureen Demers Kezber.—Mr. Hunter.

Bill No. 330, for the relief of Eva Levine Shapiro.—Mr. Hunter.

Bill No. 331, for the relief of Rejane Plamondon Levine.—Mr. Hunter.

Bill No. 332, for the relief of Marie Irma Marquette Lalonde.—Mr. Hunter.

Bill No. 333, for the relief of Marion Tannenbaum Rabow.—Mr. Hunter.

Bill No. 334, for the relief of Walter Williamson.—Mr. Hunter.

Bill No. 335, for the relief of Eileen Beatrice Sloan Douglas.—Mr. Hunter.

Bill No. 336, for the relief of Madelyn Jane Picard Gilbert.—Mr. Hunter.

Bill No. 337, for the relief of George James Marshall.—Mr. Hunter.

Bill No. 338, the relief of Luigi Martellino, otherwise known as Louis Martellino.—Mr. Hunter.

Bill No. 339, for the relief of Bernice Balinsky Friedman.—Mr. Hunter.

Bill No. 340, for the relief of Rose Marie Lescarbeau Deschenes.—Mr. Hunter.

Bill No. 341, for the relief of Florence Aleatha Geraldine Hamilton Gardner.—Mr. Hunter.

Bill No. 342, for the relief of Mary Veronica Hamilton Campbell.—Mr. Hunter.

Bill No. 343, for the relief of Aba Awner.—Mr. Hunter.

Bill No. 344, for the relief of Grace Elizabeth Sinclair Peterkin.—Mr. Hunter.

Bill No. 345, for the relief of Sybil Lavine Markowitz.—Mr. Hunter.

Bill No. 346, for the relief of Gabriel Boisclair.—Mr. Hunter.

Bill No. 347, for the relief of Betty Weiner Schwartz.—Mr. Hunter.

Bill No. 348, for the relief of Lili Gourd Lajeunesse.—Mr. Hunter.

WINNIPEG AND ST. BONIFACE HARBOUR COMMISSIONERS

CONSOLIDATION OF EXISTING STATUTES

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. 285, respecting the Winnipeg and St. Boniface harbour commissioners.

He said: Mr. Speaker, the purpose of this bill is not unlike the purpose of the bill passed a few moments ago, which was presented to the house by the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets). This bill merely consolidates three existing statutes so that the legislation respecting the Winnipeg and St. Boniface harbour commissioners may be found all in one place.

As I have had occasion to point out earlier this session, this legislation was passed first back in 1912, the original Winnipeg and St. Boniface Harbour Commissioners Act being chapter 55 of the statutes of that year. That original statute was amended by chapter 17 of the statutes of 1938, the main purpose of that amendment being to make it possible for some of the other municipalities in the Winnipeg area to have representation on this board. The other amendment was made this session by chapter 6 of the statutes of 1955. As hon. members will recall, the effect of that amendment was to provide that the quorum for meetings of the board should be a majority rather than the larger number under the formula as it stood in the original act.

The bill now before the house in my name makes absolutely no change in the legislation; it does not change a jot or a tittle; it simply brings the three enactments together in one piece of legislation.

As all of us know, about every 25 years there is what is known as a revision of the statutes of Canada, but it so happens that every time that chore is undertaken there are quite a number of statutes not revised, not consolidated and not brought forward. In some cases the reason is quite clear, in that the usefulness of the statute has diminished or perhaps a statute is spent. In other cases even though the statute may still be in effect those doing the revising do not bring it forward. That is what happened with respect to the Winnipeg and St. Boniface Harbour Commissioners Act.

There have been two revisions of the statutes since 1912, the Revised Statutes of Canada, 1927 and the Revised Statutes of Canada, 1952, but on neither of those occasions was this legislation consolidated. This means that those who are interested in the legislation respecting the harbour of Winnipeg and St. Boniface have to delve into the statute books of three different years, 1912, 1938 and 1955.

As I have said before, it is not a matter of world-shaking importance that these statutes be put in one place, but it does seem to be a matter of logic and common sense, and certainly it is a matter of convenience for those who have occasion to refer to this basic charter or constitution providing for the operations of this board.

As I have indicated on other occasions, the Winnipeg and St. Boniface harbour commission is a body with a good deal of work to which it must attend. The harbour of Winnipeg and St. Boniface does not compare with some of the other harbours in Canada, but as I indicated by giving figures on March 17 there is a fair amount of shipping at the Alexander avenue wharf in this harbour, which happens to be located in the constituency of Winnipeg North Centre.

I might also point out that the members of this board have been quite busy during the past 12 months. There has come before them a number of applications for the laying of pipe lines under both the Red and the Assiniboine rivers. In some cases the pipe lines have been for gas, in some cases for oil, in some cases for telephone trunk lines and in some cases for water distribution.

They have also had to deal with the preparations for the building of the mid-town bridge which crosses the Assiniboine river at the foot of Donald street, connecting the constituency of my hon. friend the member for Winnipeg South Centre (Mr. Churchill) with the constituency of my hon. friend the member for Winnipeg South (Mr. Trainor). The board has also had something to do with the borings in connection with the preliminary tests at the site of the proposed Disraeli bridge which is to cross the Red river in the constituency of Winnipeg North Centre.

I indicate these activities merely to point out that this legislation is not the dead letter that it seems to be considered when it is left

as a statute of 1912, the amendments to which can be found only by searching the statutes of 1938 and 1955. It is for that reason that it seems to me to be a matter of convenience, logic and fairness to those concerned to have this legislation put into the one place.

As hon. members would expect, I have had some advice in connection with the preparation of this bill. The legal advice I have had is that this is the way to put all this legislation in one place and have it as a statute with legal effect. One can do this sort of thing by having the department print what is known as an office consolidation, but as everyone knows an office consolidation does not have the legal standing which is accorded to a statute passed by parliament.

On previous occasions when I have suggested that this be done it has been argued from the government side that it should not be considered for various reasons. It has been suggested that if it is done for this particular legislation it will have to be done for other legislation. I do not see that that is a very strong argument. It was contended also that it would be perfectly satisfactory to leave it the way it was. I admit readily that there would be no substantial loss if the legislation were left in the three places where it now is, but it seems to me that for the sake of tidying up things, for the sake of convenience, and as recognition of a good job which the members of this board do in the Winnipeg area—and they do it on a voluntary basis—the house might consent to the passing of this bill.

In conclusion I emphasize, as I did at the first, that it does not change anything. It just takes the three statutes to which I have referred and puts them together in a consolidated form, so that the legislation respecting the Winnipeg and St. Boniface harbour commissioners might be found all in one place.

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, I have no quarrel with the hon. member for Winnipeg North Centre (Mr. Knowles), the sponsor of this bill, concerning that part of his remarks dealing with the historical background of the statutory provisions concerning the Winnipeg and St. Boniface harbour commission. I wish also to state that his interest and the interest of the hon. member for St. Boniface (Mr. Viau), who also discussed this bill with me, in the activities of this harbour commission are very much appreciated by our department.

However, without going into a detailed study of the various sections of this bill, I wish to point out some of its effects. As hon. members know, the bill creates a new commission, and the existing corporation consequently disappears without providing for maintaining the continuity of the present corporation. On the other hand, the existing act describes the harbour of Winnipeg and St. Boniface as comprising in part all the waters within the limits of the cities of Winnipeg and St. Boniface as they existed at the time of the passing of the original act, that is on 1st April, 1912. The present bill describes the harbour as comprising all the waters within the limits of the cities of Winnipeg and St. Boniface at the time of its passing, and this might have the effect of increasing or decreasing the limits of the present harbour, according to changes which might have taken place in the limits of both these cities since 1912.

Under the original act the harbour includes also such municipalities as were brought within the provisions of the act under section 4 as amended in 1938. These words are repeated in the present bill, but the effect is that the harbour would not indeed include the municipalities that were brought within the provisions of the present act. I wish also to add that the bill provides for the appointment of commissioners and that if the present act is repealed, the question arises whether or not the existing commissioners have ceased to hold office and whether also there must be new appointments. As hon. members know, it is customary in consolidating a statute of this kind to insert a transitional provision to ensure continuity of office but, of course, not beyond the terms of the existing tenures. The same remarks apply with respect to harbourmasters and other staff.

The present act also provides for the payment of the surplus profits to municipalities that have been brought under the provisions of the act as amended in 1938. As I have previously indicated, the present act includes all municipalities brought in under section 4 and, I repeat, as amended in 1938. The effect of repealing section 4 of the present act and replacing it, as the sponsor of this bill does, by an identical wording in the new bill would be to deprive of their share of the profits the municipalities brought in under the old act.

Furthermore, a similar problem arises in connection with clause 16 of the present act, dealing with the inspection of the books of the corporation by the audit departments of the cities of Winnipeg and St. Boniface and other municipalities brought in under the existing provisions; that is section 4 of the act.

Furthermore, I am informed by the drafting experts of the Department of Justice that the bill does not conform in all respects to the practices, as to language, form, and punctuation, of the Revised Statutes of Canada, 1952. I am further advised that if the consolidation is made it would be desirable

to make it uniform with the revised statutes. It is to be noted that it is not the intention of the sponsor of this bill, as he admitted a moment ago in speaking on second reading, to make any change in the existing statutory provisions, and therefore this is a private measure promoted as a matter of convenience only. For this reason the bill might be considered to be superfluous.

Mr. Speaker, in the circumstances, though I recognize that a consolidation might be desirable, I regret that I have to oppose the measure.

Mr. Fernand Viau (St. Boniface): Mr. Speaker, as the representative of St. Boniface, the city which has been concerned with this matter since 1912, in respect of having two commissioners as members of the Winnipeg and St. Boniface harbour commission, and also following what I was asked by the commissioners last year and again a few months ago to bring to this house—an amendment affecting the quorum of this corporation—I was surprised indeed to read in full the bill submitted by the hon. member for Winnipeg North Centre asking for the consolidation of the acts respecting the Winnipeg and St. Boniface harbour commission.

If one would read the words pronounced in this house in 1912 and in 1938—mostly in 1912—when an application was made to this house for the establishment of the Winnipeg and St. Boniface harbour commission, one would find that the trade on the Red river was from two points in the cities of Winnipeg and St. Boniface alone.

Later on, in the amendment which was introduced here in 1938, it was requested that the new municipalities contiguous to both cities of Winnipeg and St. Boniface but lying along the Red river could on application elect a representative to this commission. But if the hon. member for Winnipeg North Centre had read carefully the bill asking for the formation of a Winnipeg and St. Boniface harbour commission he would have noticed that the amendment of 1938 would include the municipalities contiguous to the city of Winnipeg or the city of St. Boniface, whose limits were lying along the Red river.

There is a contradiction there between the two sections because, after all, the powers of the commission cover all waters within both cities. That takes in the Assiniboine river, the Seine river and, of course, the Red river which, at the time of the introduction of the bill in 1912, was the main trading route from the United States of America up to lake Winnipeg. The amendment of 1938 refers to all municipalities contiguous to the city of Winnipeg or the city of St. Boniface. They already have the power to elect a representative on the commission, but in view of the wording of the act it would only mean the municipalities of St. Vital, Fort Garry, East Kildonan and West Kildonan, which are the only municipalities contiguous both to the city of Winnipeg and the city of St. Boniface.

On the other hand, if you take all municipalities lying along the Red river it would include St. James and the town of Tuxedo on the west side and North Kildonan and Springfield on the east side. Their powers would cover that portion of the Red river between the northern and the southern boundaries of each respective municipality to the centre point of the Red river. With the act as it stands I do not see how the municipalities of Tuxedo, St. James and North Kildonan could have the area within the northern and southern boundaries of their municipalities running to the centre line of the Red river become part of the territory under the jurisdiction of the Winnipeg and St. Boniface harbour commission.

As I said, Mr. Speaker, it is not a consolidation of the acts that should have been requested but a full revision of the statutes as they now stand. For that reason I oppose the bill for the time being.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I cannot quite understand the remarks of the hon. member who has just taken his seat. As I read the introductory words of the bill, it is an act to consolidate the acts respecting the Winnipeg and St. Boniface harbour commissioners. I listened very carefully to the remarks of the hon. member who introduced the bill and to the remarks of the hon. member who has just spoken. I cannot see where his argument comes into the picture, and I would refer him to clause 4 of the bill which is very definite. It says:

> 4. (1) For the purposes of this act, the harbour of Winnipeg and St. Boniface shall be deemed to include all the waters within the limits of the cities of Winnipeg and St. Boniface at the time of the passing of this act and of such municipalities as may be brought within the provisions of this act under subsection 2 hereof.

Subclause 2 is very definite, and I am afraid my hon. friend ignored it. It reads:

> (2) With the consent of any municipality, expressed by bylaw of the council thereof, the waters within such municipality may be added to the harbour by a bylaw to that effect made by the corporation and confirmed by the governor in council and published in the *Canada Gazette*.

Mr. Viau: Would the hon. member look at subclause (g) of section 3?

Mr. Winch: I would say that adds to my argument.

Mr. Viau: Oh, no.

Mr. Winch: I would certainly think so. It reads:

(g) "municipality" means a municipality contiguous to the city of Winnipeg or the city of St. Boniface, and lying along the Red river, and any such municipality shall, for the purposes of this act, be deemed to include within its limits that portion of the Red river between such municipality and the centre line of the said river and between the productions respectively of the northerly and southerly boundaries of the said municipality from the points of intersection of the said boundaries with the said river to the points of intersection of the productions of the said boundaries with the centre line of the said river.

In my interpretation that is still governed by subclause 2 of clause 4, "with the consent of any municipality". Under subclause (g) of clause 3 you have a certain definition, but under subclause 2 of clause 4 it appears that the consent of the municipality is required, expressed by bylaw of the council thereof, and so on. With those points in mind, quite honestly I cannot see that this bill involves anything more than a consolidation of the acts. There are no new points, no new principles. It is just a consolidation for the sake of efficiency, as the mover said.

Mr. Viau: Would the hon. member answer my question? What are the municipalities contiguous to the city of Winnipeg and the city of St. Boniface whose northern and southern boundaries lie along the Red river?

Mr. Winch: I come back to subclause 2 of clause 4, where it says that consent is required of any municipality with respect to anything affecting waters within the municipality. I would say it is absolute protection. I should like to ask the hon. member to explain what he means if he thinks there is no protection there.

Mr. Pickersgill: I wonder whether we are in committee, Mr. Speaker.

Mr. Speaker: As the minister knows, we are not; but the bill seems to be highly technical and the argument that was being put forward by the hon. member was one in which I suppose he had to refer to one or two sections. But I think the hon. member has completed his remarks now. Is the house ready for the question?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker—

Mr. Speaker: If the hon. member speaks now, he will close the debate.

Mr. Knowles: Although the hon. member for Vancouver East (Mr. Winch) naturally could not be as familiar with the geography of the Winnipeg area as is the hon. member for St. Boniface (Mr. Viau) and as I am myself, nevertheless I think he has answered the questions asked by the hon. member for St. Boniface. As I understand the wording of the legislation now on the statute books, the only municipalities that meet the definition and therefore can participate in the activities of the Winnipeg and St. Boniface harbour commissioners are municipalities which meet two conditions. They must be contiguous either to the city of Winnipeg or the city of St. Boniface, and they must lie along the Red river. If the hon. member for St. Boniface agrees with me, as I think he does, and if what he means by his argument is that any error in the legislation is not in my bill but is in the legislation already on the statute books, of course he is free to bring in a bill to amend what is already there.

I am interested in these arguments to the effect that one of the things wrong with my bill is that it does not make any changes in the existing legislation. I ask you, Mr. Speaker, or anyone else, to guess what the argument would have been if my bill had changed one jot or one tittle of the existing legislation. I would have been told that as a private member I was trying to change the government's legislation. All I am trying to do is to get the government to vote for its own legislation, but because the bill is brought in with the name of an opposition member on the front of it—

Mr. Langlois (Gaspe): That is not the reason.

Mr. Knowles:—it seems to be having a difficult time. My hon. friends on the other side quote legal advice they have obtained. I have obtained legal advice, too, from sources that are open to all of us as members of parliament. The advice given to me is not quite the same as the advice that apparently has been given to the parliamentary assistant to the Minister of Transport. I am advised that a consolidating statute of this kind, since it is entitled a consolidating statute, does not, even though it repeals statutes that are already there and replaces them by this one, abolish any body that is now in existence or infringe upon any rights that have been established by legislation as from the date it was first put on the statute books.

However, if the lawyers who give this conflicting advice cannot get together as to the best form in which to write a consolidating act, it would be very simple to let the bill have second reading and send it to one of the committees of this house. In order to cover all objections, a saving clause could be put in the bill.

I will say this for my hon. friend's argument, that in the bill consolidating the amendment to the Unemployment Insurance Act which is before parliament at the present

time, there is such a saving clause which makes sure that the present commission is continued. The same sort of saving clause could be put in this bill. My legal adviser said it was not necessary. My hon. friend's legal adviser said it was necessary. It is not a matter over which to debate. Surely if the basic purpose of this bill, namely convenience, is a desirable objective and is accepted, this point could be met by giving the bill second reading and sending it to a committee where the point could be considered.

The parliamentary assistant to the Minister of Transport states that some of this 1912 wording is not the kind of wording of which the Department of Transport approves in 1955. I am not so sure that the wording of some of the statutes introduced in 1955 is so very clear, but I will admit the point that since 1912 there has been some change in wording in the matter of drafting legislation. Again I just ask anyone in this house the question, what sort of response would my bill have obtained if I had tried to change the wording to bring it up to date? In fact, if the department feels now that some of the wording should be changed, it would be a very simple matter to agree to the bill in principle—a principle which is very clear, just to consolidate what is there—and then make any changes in wording that might seem desirable when the bill is before the committee.

If these suggestions as to ways of dealing with the matter do not commend themselves to my hon. friends opposite, then of course there is another way they can deal with the matter. They can introduce a bill themselves that would put all this legislation in one place.

While I am on my feet, Mr. Speaker, I wonder if I might be permitted to point out that in my view we in the parliament of Canada do lack something in this respect which they have in the parliament of the United Kingdom. I had occasion to refer to this in connection with a point of order a few days ago, but I am sure Your Honour will agree that it is relevant to this bill which has as its purpose the consolidating of certain statutes.

There is on the statute books of the United Kingdom what is known as the consolidation of enactments (procedure) act, 1949, which is chapter 33 of the statutes of 1949. The purpose of this statute is to meet this very point, to make it possible for acts which get amended from time to time, and which get scattered all through the statute books, to be consolidated and put through parliament expeditiously. I invite those who are interested in procedural matters of this kind to read chapter 33 of the United Kingdom statutes of 1949. It will be noted that the responsibility for agreeing that a bill is just a consolidation, making only minor changes in wording such as have been suggested by my hon. friend, rests with the Lord Chancellor and the Speaker of the House of Commons—in other words, in our terminology, with the two Speakers of the parliament of the United Kingdom.

If those two gentlemen are satisfied that a bill which has been introduced as a consolidating bill does only that, just consolidates and does not make any changes, then there is a streamlined procedure by which the bill, after notice has been posted in the London *Gazette* for a required length of time, is referred to a committee without debate. It is possible for it to go through parliament without parliament having to debate all the clauses of the bill.

I know that one of the reasons the government does not like to introduce consolidating bills is that it could have, as I think it does have, the effect of opening up all the clauses, at least once you get into committee. As I say, that point has been met in the United Kingdom by this special statute. I think some day the Minister of Justice (Mr. Garson), whom I see in the house, and the Minister of Citizenship and Immigration (Mr. Pickersgill), whose interest in this matter I appreciate, might look at this statute to see if it would not be a good idea to have a similar one here.

I am not arguing anything that could be called partisan in any sense at all. I am just suggesting something that could result in tidying up our bits of legislation so they would be easier to find. I invite the members of the cabinet to study this procedure that is made possible by chapter 33 of the United Kingdom statutes of 1949.

We have not got that here, Mr. Speaker. There are only two ways in which our statutes can be consolidated. One is by the revision that takes place about every 25 years. We all welcome that. It was good to get the Revised Statutes of Canada, 1952 and to feel that we had most of the laws of Canada in about five or six volumes instead of in 50 or more. The other way is by introducing a new bill which could go through all the stages of legislation in parliament, but which in the end would have the effect this bill of mine would have, of consolidating the various enactments into one statute.

Mr. Garson: I wonder if my hon. friend would permit a question? In this research he has made into the British practice, did he discover that in relation to their acts which deal with their various harbour commissions they

follow the same practice we do in Canada of leaving them out of a general revision, as being separate statutes dealing with local matters? Did he find that, for this reason, they as public local acts were not revised generally in the same manner that the general body of public general acts are? Did he find that was the practice that was followed in Great Britain as well as in Canada?

Mr. Knowles: I found that in some instances they fell into one category and in some into another. In some instances they are regarded as private in nature and in other instances, as I think in this case, as rather public. The point I am making is that in the United Kingdom, in addition to the revision such as takes place here every 25 years, they have this arrangement whereby between revisions acts can be consolidated in what May and Campion refer to as a very expeditious manner. I am sure it must appeal to the government, because it avoids the possibility of extended debate.

Mr. Garson: Would the hon. gentleman permit another question? Did my hon. friend find in examining this procedure which has been followed in Great Britain, that it has, in fact, been applied to their harbour commissioners acts?

Mr. Knowles: I cannot say that I found it was applied to legislation exactly comparable to what is now before us.

Mr. Garson: May I ask my hon. friend if he is aware that this practice in Canada has been applied to all the harbour commission acts, and that none of them has been consolidated? There are, as my hon. friend knows, quite a number of them.

Mr. Knowles: I know that. I was hoping that I was doing what I have often called upon the government to do, namely to give a good lead. The fact that those acts respecting Toronto, New Westminster and other places around the country are in the same unconsolidated, all over the place condition is no reason why the job should not be done there, too.

If we had something comparable to the consolidation of enactments (procedure) act, 1949, of the United Kingdom, this matter could be taken care of very easily. I do not know why I should be the person pointing to this practice in the United Kingdom. I am giving the government an idea how to avoid some of the debates that now take place in the House of Commons, when all that is desired is a job of consolidation.

Nevertheless I suggest that what I am proposing is in the interests of tidying things up and making things a little neater and a little easier to find. So far as this immediate bill is concerned, in addition to this general interest in tidiness and convenience I also have the interest that I would like to see recognized the good work that the Winnipeg and St. Boniface harbour commissioners do in our area, which is done on a voluntary basis.

I hope the government will see fit to support the measure.

Mr. Garson: Before the hon. member takes his seat would he permit another question? Would he not think that a relatively short and simple statute, and its amendments, such as the Winnipeg and St. Boniface Harbour Commissioners Act, could, in an office consolidation form, provide all the services that the printed statutes usually provide, without being consolidated in the manner he is now advocating?

Mr. Winch: May I ask why it is that the Minister of Citizenship and Immigration, who tried to stop me, is not trying to stop somebody else who is asking twice as many questions as I did.

Mr. Knowles: May I answer the question?

Mr. Speaker: I think in his opening remarks on the bill the hon. member indicated what would be the answer to the question. If he wishes to have some amplification, he will note that I am showing some leniency, because this is private bills hour.

Mr. Winch: But don't let him get away with it on his side of the house.

Mr. Speaker: I do not particularly like the remark the hon. member for Vancouver East has made because, as he knows, hon. members are entitled to ask questions.

Mr. Winch: That is right; and I want to say that you are most fair. It was the minister I was referring to.

Mr. Speaker: Well, that does not make it much better.

I think all hon. members will agree that throughout the debate on the second reading of this bill it has looked, as the Minister of Citizenship and Immigration said, like a debate in committee. Once the hon. member has answered the question I think we should conclude the discussion.

Mr. Knowles: We are now back at the point where the Minister of Justice asked one more question before, as he said, I took my seat. He asked whether for the purpose of legislation of this kind, which he described as being rather short—though I would point out it does have 29 sections and there would be 30 if this bill were put through—it would not be

just as satisfactory to have an office consolidation. My reply to him is that an office consolidation would of course be better than having no office consolidation, and certainly better than the present situation where legislation can be found only by reference to the statutes of three different years.

So far as what the minister is saying is concerned, I can tell him that the members of the Winnipeg and St. Boniface harbour commission now have copies of Bill 285, so they have what, in effect, is a printing which shows the various sections put together. If the department would make a departmental office consolidation that would be even better for that purpose. But I believe, as I said when I closed my speech about ten minutes ago, that the work these commissioners do merits the consideration that I suggest should be given to them by the passing of this bill.

Mr. Speaker: Is the house ready for the question?

Mr. Langlois (Gaspe): On a question of privilege, a few moments ago the hon. member for Winnipeg North Centre said I had stated that the 1912 wording was not clear. That is not what I said. I said that the wording of his bill did not conform with the practices as to language and punctuation as adopted in the Revised Statutes of Canada.

Mr. Knowles: No, the wording in this bill conforms to this government legislation as it now stands on the statute books.

Mr. Sinclair: Six o'clock.

Mr. Speaker: The debate that took place on second reading of this bill should not, in future, be considered a prototype for discussion that should take place on the second reading of a bill.

Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: Those in favour of the motion will say yea.

Some hon. Members: Yea.

Mr. Speaker: Those who are opposed will say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it. I declare the motion lost.

Motion (Mr. Knowles) negatived.

Mr. Speaker: The business reserved for this hour having been dealt with, the house at eight o'clock will resume consideration of the business interrupted at five o'clock.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

59. Departmental administration, $493,651.

The Chairman: It being six o'clock I do leave the chair.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: When the committee rose at six o'clock we were discussing resolution 59. Shall this resolution carry?

Mr. Holowach: At five o'clock I had commenced to make a few remarks about the treatment which was being given to newly born Canadian children whose parents as immigrants were denied family allowance benefits during their first year of residence in Canada. I know this is a sensitive point with many hundreds of thousands of new immigrants in our country. It must be remembered by the committee that these same people are future Canadian citizens. When we remember that as soon as an immigrant arrives in our country he becomes a taxpayer, and when we consider that during his first months and years in Canada every single cent counts in becoming properly established, I believe it will be agreed that this matter deserves some consideration by the minister and by the committee.

As I understand it, the situation which exists at present is rather unfair and unrealistic. At the present time the legal status of a child born in Canada, irrespective of the citizenship of its parents, is that such a child is a Canadian by birth. However, during the first year of residence of the child's parents in Canada such a Canadian child is denied the benefits which parliament provided in the matter of family allowances. If this interpretation is correct, and if the situation is as I understand it, it is rather paradoxical. On the one hand we have such a child born to newly arrived immigrants looked upon in the eyes of the law as a Canadian by birth; on the other hand that child is denied the benefits provided by the family allowance legislation during the first year of residence.

I was just wondering about the fairness of the situation. I would certainly appreciate it if the minister would explain the problem. I know that if we were able to eliminate that situation it would certainly be conducive to better relations between new arrivals in

our country and Canadians. I touch briefly on this subject because I believe it is important. The situation should be remedied and I believe it will help to preserve happy relations among all segments of our Canadian society. I also believe it will show the new arrivals that we are concerned and would like to have them properly established when they arrive in Canada.

In conclusion, I should just like to take this opportunity of thanking the Minister of Citizenship and Immigration for the splendid co-operation he has given to me on several occasions, and that statement also applies to the various officials in his department.

Mr. Pickersgill: If the hon. member would like me to say just a word on that point right now, I shall do so. It is, of course, a question of policy. The present law is so framed that anyone born in Canada receives family allowance just as soon as his parents apply, even though the parents may not have been here, I understand, more than a week. But if he was born a week before he arrived in Canada, his mother would not be able to get the allowance for a year.

In the administration of the Immigration Act we recognize what an anomaly this is in many cases. On the other hand, if my recollection is right—and I know my hon. friend the Minister of National Health and Welfare will correct me if it is not—I think the reason it was felt that there must be some time limit was in order to avoid the possibility of people coming here, perhaps for their summer holidays or other brief periods, and collecting family allowances while they were here. There are some complications about the question. I know that my hon. friend the Minister of National Health and Welfare who has the primary responsibility in this matter has been giving it extremely careful consideration.

(Translation):

Mr. Villeneuve: Mr. Chairman, I would like to avail myself of this debate on the estimates of the Department of Citizenship and Immigration to call the attention of the minister (Mr. Pickersgill) to a matter which worries me greatly at present, namely the matter of education at Pointe Bleue in the constituency I have the honour of representing in this house.

The Indian reserve at Pointe Bleue dates back about a hundred years. Today it has a population of some 1,125 people, making up 200 families, of which 110 are sedentary residents and 90 are nomads. In the reserve there are at present 272 children of school age; 110 attending the local Indian school, 28 the residential school at Fort George, while 5 go to other Indian schools, 55 attend provincial schools and 74 are not going to school at all.

The matter which I would like to bring to the attention of the department, has to do with nomad Indians. As those Indian families leave for the hunt in the fall and return only the following spring, some 100 Indian children of school age cannot attend school and therefore receive no education whatever.

Now the Indians of Pointe Bleue are becoming more and more sedentary. Besides, the majority of them are now in that category. However, children whose parents go out into the woods during the hunting season are deprived of the education to which they are entitled.

It is not a matter of preventing parents from taking their children with them when they go out hunting, but of encouraging them to let their children attend school in the reserve. I see only one way of doing it. As a matter of fact, after investigating the situation on the spot at the beginning of last month, together with the Pointe Bleue authorities, I have come to the conclusion that a residential school large enough to accommodate 120 pupils would be the only adequate solution to this problem, now or in the future. Since our Indians are ever desirous of living normally, they should be given that opportunity and should be provided for that purpose with every possible means of acquiring the education they need to earn a living.

If these children were placed in residential boarding schools while their parents are away hunting during the winter, they would receive a normal education which would enable them to face up successfully to the problem of earning their living. Indians, like all of us, are entitled to a better future.

If I am defending their interests here, it is because I know that these children of school age, being sent in this way to a residential institution would enjoy normal schooling, in every way comparable to that of the children of sedentary families who attend the local day schools. My attention has always been drawn to the fact that the problems affecting the Indians are often the result of deeds done by white people who took advantage of special circumstances to teach them ways of life which are foreign to them.

I urge the minister to consider my request with all the attention it deserves and to try to solve the problem by 1956 at the latest.

Building a residential school or boarding school for the children of wandering Indian families at Pointe Bleue would constitute an adequate solution.

Mr. Pickersgill: Mr. Chairman, the hon. member for Roberval has already brought the case to my attention and we hope to be able to grant the request in the near future.

(Text):

Mr. Hamilton (Notre Dame de Grace): That is the best thing the minister has said in a month.

Mr. Diefenbaker: Mr. Chairman, I wish to deal with one or two matters, particularly one which was dealt with this afternoon in an exchange between the hon. member for Kamloops and the minister. I refer to the speech the minister made at Victoria some weeks ago, which obtained for him a degree of publicity which, as he said in Winnipeg, could not have been achieved otherwise. I am not going to repeat what was allegedly said on that occasion; I am simply going to take the words of the minister when he rose on a question of privilege on April 18, as reported at page 2893 of *Hansard*.

Mr. Pickersgill: I am sure the hon. gentleman does not want to misrepresent the situation. I rose to reply to a question asked by his leader; I rose on no question of privilege.

Mr. Diefenbaker: Possibly that is correct, but the exchange is entitled "Privilege". The minister had this to say:

> We all want to increase the population of this country and for that purpose if they are equally good people I don't believe that any immigrant, no matter where he comes from or how good he is, is as good as another Canadian baby, because the immigrant has to learn to be a Canadian and the baby is a Canadian to start with.

The minister made a further enlargement of that when he spoke a few nights ago in Windsor. At that time he gave a revised version applicable to the occasion, and among other things he said:

> And that's all I was trying to say in Victoria when I said that, in order to increase the population of Canada, I didn't believe an immigrant was as good as a Canadian baby, if both of them were equally good people.

That was indeed a repetition of the remarks allegedly made by the minister during his recent visit to the Pacific coast. Immediately prior to having said what I have just quoted the minister said—and I think I should quote this in fairness to him—

> Now if we are going to go on being Canadians and go on preserving our Canadian characteristics, this country cannot be just a half-way house for people coming from other lands, staying for a few years or maybe a generation, and then moving on to the United States.

A little later he made this unusual statement:

> And I am sure all of you who were not born in Canada know how much easier it is for your own children, whether they were born here or whether they were very young when they came here, to learn the ways of the country than it was for those of you who had to learn to be Canadians while you were also trying to earn a living.
>
> That is why I also said, in a joking way, that the best immigration policy was the cradle.

In large measure that is a repetition of the remarks the minister allegedly made in Victoria, to which editorial writers have been devoting themselves. That is not a statement in keeping with the minister's responsibility as minister of immigration. It is a statement which cannot be laughed off. No matter what the jocularity of the occasion may have been, the statement carries with it a gratuitous if not bumptious insult to millions of good Canadians.

I think the minister should be doing what he ought to have done in view of the feeling that was aroused as a result of the statement made in Victoria; he should have apologized for the remarks he made, rather than follow the course he did of endeavouring to laugh off the serious import inherent in those words. As a matter of fact I think the Prime Minister, as first citizen of our country, in a parliamentary way should have repudiated and disavowed those statements by the minister, in their original form as well as in the restricted or renewed or revised version that we have had since.

It was a statement which divides Canadians into those who were born here and those who came here having chosen this country as the land in which they desire to live, as the land to which freedom beckoned them. I feel that in his position as minister of immigration the hon. gentleman has done irreparable injury to the position he occupies, in view of the fact that his duties in large part consist of encouraging people in other countries, who are desirable and selected, to come to this country.

I am not going to say any more than that. When I read the statement I was surprised, but I was more surprised when the minister gave his explanation in Winnipeg that after all if he had said something reasonable or rational he would not have secured the publicity and advertising which he obtained because this statement had been attributed to him.

Having said that, I now want to refer to—

Mr. Pickersgill: If the hon. gentleman has finished that, he has a copy—I think the same copy as I have—of the speech I made in Windsor. Perhaps he would not mind reading the next paragraph on page 5, paragraph 3.

Mr. Diefenbaker: Page 5 says—and this is his speech delivered at Windsor on April 22, after several weeks of mental revision—

> And the easier it is for the newcomers to fit into the country, the faster we can all get on with the task of building up the country. I say it is usually more difficult for a newcomer to become a Canadian than it is for a child brought up in this country.

Mr. Pickersgill: It is the next two paragraphs. I am sure the hon. gentleman does not wish to misrepresent what I said. The next two paragraphs represent what I really did say. Surely the hon. gentleman is doing exactly what the hon. member for Kamloops did this afternoon, picking bits and pieces. I suggest that the hon. gentleman read the next two paragraphs, so they will not be separated in *Hansard* from what he has already read.

Mr. Diefenbaker: I am not in any way dealing with what the minister said the other evening. I am taking the same words he used in the House of Commons on April 18 when he explained what was unexplainable. This is his version of what he said on that occasion in Victoria:

> We all want to increase the population of this country, and for that purpose if they are equally good people I don't believe that any immigrant, no matter where he comes from or how good he is, is as good as another Canadian baby, because the immigrant has to learn to be a Canadian and the baby is a Canadian to start with.

That is the revised version. That is the version given in the House of Commons. That is the one I am accepting. I simply say that if the hon. gentleman wants to read the entire speech he made the other evening, I have no objection. It is perfectly proper that he should. But I am relying for what I have to say upon the explanation given by the minister under the heading of privilege, which he said was not privilege, on April 18, which in no way removed the criticisms that were levied against him in reference to the remarks he made at Victoria. Having said that, I shall now pass—

Mr. McIlraith: And having not read all the quotation.

Mr. Diefenbaker: If my hon. friend wants to read into the records of the house the revised version of April 22 I have no objection, but I am not relying on that. I am taking what the minister said on April 18. Those are his own words, and they are to all intents and purposes as reprehensible as the words attributed to him at Victoria.

Having said that, I come to the other matters that were being discussed this afternoon, that is the regulations and the application of those regulations by the department.

I think, however much the minister may endeavour to explain them away, the regulations are unjustifiable in their present form. They are interpreted according to the whim and caprice of the individual official. They bring about in consequence a denial of fundamental rights. They constitute in fact arbitrary lawlessness.

What we in the opposition are endeavouring to prove is this, and for some reason the minister stands firm against any such argument, that the regulations should be reasonably interpreted in a straightforward and uniform manner, that the regulations should not be in the custody of the individual officials to interpret in accordance with their whim or prejudice or bias or for any other improper reason; that these are the regulations upon which human rights are determined.

The court of appeal of Ontario has very definitely stated, in the case to which the hon. member for Kamloops made extended reference this afternoon, that these regulations are unfair and unjust in the manner in which they are applied and were applied in the particular case. Why should it be necessary under those circumstances to press the minister for just one admission on his part that where there is wrongdoing—and there is always wrongdoing when the arbitrary will of an individual can place itself above the law—where such a condition of affairs applies, it will be his aim to remove the discrimination that is now inherent in this legislation and ensure that there shall be equality and justice to every individual according to law.

My hon. friend says he is not satisfied with the judgment of a recent appointee of this government, Mr. Justice Wilson; that he is not satisfied when that judgment is unanimously approved by the court of appeal, on which there were two judges already named by my hon. friend the member for Kamloops, and as well a former minister in charge of immigration, who found those regulations unjustly and tyrannically applied in the case in question. Why does the minister, instead of relying on those principles which ordinarily should actuate him in removing injustice, contend that he wants to carry the case forward because he is not satisfied with the unanimous decision on appeal?

Certainly it is a serious situation, it is a shocking situation, when a department of government is found so derelict in the application of the law as it was in the case in question. The minister should have stood up and said, "Well, after all we cannot expect perfection. There was wrongdoing in this case, as found by the courts of the country and we are going to remove anything in the nature of an injustice". That should be the

attitude of a department whose purpose should be the equal administration of law, and justice and the fair application of the rules to everybody. But for some reason this department is becoming entangled in administrative red tape, in some cases administered —and I mention this after consideration—by sawdust Caesars who believe they are above the law.

Mr. Fulton: A sawdust Caesar.

Mr. Diefenbaker: Some men, when they secure positions, must necessarily grow into those positions. Woodrow Wilson once said, "A man with responsibility either grows or swells." Some of these officials have not been growing, and they have not grown since the judgments of these various courts have been given, judgments that point out unfairness, tyranny and autocratic superiority on the part of officials; judgments that have indicated that the position in the department of immigration is that we have officials making the regulations, policing the regulations, interpreting the regulations and enforcing the regulations.

It is because of that fact, Mr. Chairman, that the hon. member for Kamloops has pressed so often for a restoration of those principles that British justice has shown through the generations are necessary for the preservation of the fundamental freedoms of the individual. After all, there are only two ways in which freedom can be maintained. One is through parliament, the supreme court, the superior court, the highest court of the realm. That is where an appeal is being made now to the man who represents this department, to restore to it those things which it has found throughout the generations must be maintained if the rights of the individual are to be assured. The other is through the courts.

While, in the course of the administration of the department, the courts have been bypassed in many cases, where the courts have spoken the department has not been game enough to accept the decisions of the courts and has endeavoured to carry on and on from court to court. Why not remove the reasons for injustices that were set out by the Hon. Mr. Justice Aylesworth and those associated with him in the Ontario court of appeal? Why not remove those wrongs, those injustices, rather than deny their existence and appeal against the decision? If the Supreme Court of Canada should ever have the opportunity of dealing with that case and confirms the judgment, does the department then intend to pass an order in council to ratify what was illegally done?

Mr. Fulton: They have done it before.

Mr. Diefenbaker: That was done before in the department of immigration and, Mr. Chairman, nothing better indicates stubborn truculence and autocratic lawlessness than the attitude of some departmental officials who, having lost in the courts, raise their decisions to a level above the courts by the passage of an order in council to legalize the unlawful. I do not say that in the course of administration of a department as large as the department of immigration small injustices will not arise from time to time. Human nature being what it is, they are bound to arise. But, sir, when a department has as its cornerstone the concept that where it is wrong it denies it, and where the courts find it is wrong it places itself above the courts by order in council, then indeed have you enthroned injustice; then indeed parliament has a right to speak.

I do ask the minister to reconsider what he said this afternoon, to decide that certain general principles are going to apply and that justice is going to be done as far as lies within the power of the minister. *Fiat justitia.* Let justice be done. That is all we ask from the minister. Let him accept such suggestions in the spirit in which they are given. Let him give the assurance that the department will bring into Canada by selective immigration those entitled to come here; and so that those in Canada will not be subject to deportation outside the law by the *ipse dixit* of some official who is above the law, we ask that the individual should be made acquainted with the charges against him. I do not suggest that he be given the names of the informants, but he should have placed before him the charges upon which the department believes he is not entitled to be considered a good Canadian citizen, in order that he may be able to answer those charges.

If that is not done, are we going back to the days of the star chamber where appointees of the crown sat, made their decisions and placed themselves above the law? That is my main criticism of the department of immigration today. I do not lay the slightest personal wrongdoing at the feet of the minister. But I do say that the minister, having inherited the department and having had seven or eight months to clear away these wrongs—and they are wrongs—we have a right to ask today, "What have you done? Why have you not acted? What is the reason that equity and law have been pushed aside and the arbitrary say-so of an individual in a department has been placed above the law of the land?"

I think, sir, of what Lord Chesterfield said 125 years ago, so applicable to what is happening today in the department of immigration. These are his words:

> Let us consider that arbitary power has seldom or never been introduced into any country at once. It must be introduced by slow degrees, and, as it were, step by step lest the people should see its approach. The barriers and fences of the people's liberty must be plucked one by one, and some plausible pretence must be found for removing or hoodwinking, one after another, those sentries who are posted by the constitution of a free country for warning the people of their danger.

What are the sentries? The sentries are the rule of law, equity under the law, the right of an individual not to be convicted in his absence, the right of a person charged to know the nature of the charge against him. Remove these safeguards, destroy these sentries and, Mr. Chairman, every country's history tells its story. This is as true today as it was 175 years ago when Lord Acton said: "All power corrupts, and absolute power corrupts absolutely."

Mr. Pickersgill: Lord Acton was not born 175 years ago.

Mr. Diefenbaker: I bow to my hon. friend. I am glad that is the only thing he has been able to deny in the course of my entire speech. Of course the minister is entirely correct. I overstated it by 50 years and the minister immediately noticed it, which indicates that his historical erudition is not going to be lost to the House of Commons.

Mr. Fulton: I wish it were matched by his sense of justice.

Mr. Diefenbaker: Nonetheless the principle remains. Today we have in the department of immigration individuals who administer the immigration law of the country, who have absolute power; and when the courts endeavour to control that power they have been known to raise themselves above the power of the courts and, by order in council, to treat with disdain and contempt the decisions of the courts.

That is the kind of thing that should be stopped. That is the kind of thing that members on all sides of the house should stand against, for if we condone it in one department we condone a principle that is dangerous to the survival of the parliamentary and judicial system.

In all sincerity I say that since my hon. friend has been minister he has given wide consideration, very comprehensive consideration to his department. So far as parliament is concerned, when questions have been asked they have been answered by him. I say to the minister that he is an example to some of the other members of this cabinet. If questions are asked involving his department, an order for return is brought down within two, three, or four days; that is all to the good.

I ask the minister to carry the same good principle to the matter of individual rights and assure to the individual the right of appeal to the courts, the right to know what the charge is, and the right to be able to answer those of his accusers who remain invisible incognitos. I think the minister has an opportunity in his department to bring about a change that will assure justice, a change that is overdue in that department.

Mr. Pickersgill: I hope hon. members will allow me to make a few observations in reply while the remarks of the hon. member for Prince Albert are still fresh in my mind. I think the hon. gentleman, in a speech to which I otherwise take no exception so far as tone was concerned, did himself a little less than justice in declining to read the three lines of my speech at Windsor which followed the part he did read. I feel it is a little bit unfair to those to whom the remarks were addressed not to have them on the record, so I propose to read them now. I propose to read them with the two paragraphs the hon. gentleman read, so they will all be together.

> And the easier it is for the newcomers to fit into the country, the faster we can all get on with the task of building up the country.
>
> I say it is usually more difficult for a newcomer to become a Canadian than it is for a child brought up in this country.

The following is the paragraph to which I want to draw attention:

> But I do not believe that anybody is a better Canadian just because he happened to be born in Canada, and I have never said so and I hope I never will.

Now, sir, I want to make a few remarks about the more serious parts of the hon. gentleman's speech. I want to make them very seriously. Before doing that I cannot fail to express my profound admiration of the capacity of the hon. member for Prince Albert to make the same speech serve every conceivable occasion and every debate that arises in this house. I cannot recollect that the hon. gentleman has ever spoken more than two paragraphs in this house without the star chamber appearing, and he has never spoken a dozen paragraphs without King Charles' head popping out from under his arm.

Mr. Diefenbaker: What is the hon. gentleman reading from now?

Mr. Pickersgill: I shall try to take the points the hon. gentleman raised in opposite order to the order in which he raised them. He said this department had overruled the courts

by order in council. I am only a simple layman and the hon. gentleman is a learned member of the bar, but I do not know of any court in this country in which an order in council could override the law or would be regarded for one instant as having any such effect.

What happened in the case to which he has alluded is this. The governor in council made certain regulations which he believed meant something. The Supreme Court of Canada said they meant something else. The governor in council who, in the first place, had the power to make these regulations then amended the regulations to make them mean what he thought they had meant in the first place. There was nothing retroactive about that change at all.

The hon. gentleman said the department by-passed the courts. At the same time he objected to my statement that we were going to appeal to the supreme court. Well, it is an odd kind of by-passing, sir, to appeal to the supreme court. I did not say I was satisfied or dissatisfied with the decision of the court of appeal of Ontario. I said the decision of the court of appeal was so important from the point of view of law that I felt it was essential for the administration of this department to know from the final arbiter, which is the supreme court, what the law really was. That is the reason, and the sole reason, I intend to recommend to my hon. friend the Attorney General of Canada that this case be appealed.

Now, it is of course totally untrue—I am not accusing the hon. gentleman—it is totally inaccurate to say that the Immigration Act is administered according to the whim and caprice of government officials. It is nothing of the kind. The regulations are made just as clearly and precisely as it is possible to make regulations which must apply to the almost infinite variety of human beings with whom the department has to deal. I do not know of any possible way in which regulations could be drafted that would create the kind of sure guide needed for every conceivable situation that might arise when some three or four million applications for admission to this country were being considered. This illustrates the magnitude of the problem with which the immigration branch has had to deal in the last 10 years. In order to get 1,200,000 immigrants it must have meant that at some stage or other there were three or four times that many people making approaches to our offices.

The suggestion that some judicial process should be set up that would make it possible to consider each of those disputed applications to this country is really to suggest something that is completely and utterly impractical. Under such a system we would have nothing but a trickle of immigrants. On the other hand, there is a good deal of confusion in this whole discussion between the question of applications for admission to the country and the question of deportation of people who have been legally landed here.

In the case of an application for admission there is nothing in the Immigration Act, which the hon. member for Prince Albert helped to put on the statute books and with which I had nothing to do because I was not a member of parliament at that time, which gives any person except a citizen of Canada residing outside of Canada the right to enter this country. There are, therefore, no legal rights at issue at all in the question of entry to Canada.

Once a person is landed as an immigrant he is vested with certain rights under the act. There is a process laid down for deportation, and that process provides for informing the person of the grounds upon which he is being deported and for an appeal to the minister.

Mr. Diefenbaker: Is it done?

Mr. Pickersgill: It is always done.

Mr. Diefenbaker: That is not what the courts hold.

Mr. Fulton: The information is not given.

Mr. Pickersgill: It may be that the information is not given in a form that is satisfactory to many people, and I am not saying it is perfect. I am not saying there might not be improvement in it, but the information is given in the way which is prescribed by law. There is an appeal—and I am talking about deportation orders issued against landed immigrants—in every case to the minister, if the person against whom the order is issued wishes to take that appeal.

I know that my predecessor regarded consideration of these appeals as among the most important of all his duties, and that he spent hours and hours and hours of his time considering them most carefully. And I must say that anything complimentary that is said about me or my administration—and in passing I would thank the hon. member for the rather kind things he did say—should be multiplied many times over in reference to my predecessor. I have said before in the house, and I wish to say again, that if at the end of four years I can believe that I have administered this department anything like as well as my predecessor did, I will be quite satisfied that I have served the Canadian people well.

Now, about the whim and caprice—

Mr. Fulton: Would the hon. member permit me to make a suggestion?

Some hon. Members: No.

Mr. Pickersgill: Certainly.

Mr. Fulton: My suggestion would be, in making a comparison with his predecessor, that his only mistake is in the matter of giving time for discussion of the affairs of this department.

Mr. Pickersgill: Well, Mr. Chairman, I know I am rather given to talking too much, and I sometimes have to pay a certain penalty for it. Oh, it is not always amusing; but when something silly happens, then I try to regard it as silly. I think perhaps this country would be better off if more of us did that.

The hon. member for Prince Albert talked about the whim and caprice of individual officials. Since I became minister of the department, even at times when some people seemed to think I was enjoying myself at the expense of the taxpayers, I have made an effort to visit the offices of this department in every place I have ever been; and I say without fear of successful, detailed contradiction that, taken by and large, the officials of this department are hard-working and conscientious and that they try, sometimes I think almost too hard, to adhere literally to the regulations.

I admit there have been a few officials who have not been satisfactory, and that one or two of them have had to be prosecuted in the courts. I hope I shall never lack the courage, if I find there is any wrongdoing anywhere in my department, to deal with it, and to deal with it regardless of what the consequences may be for me or for anybody else. If I do any wrong, then I shall endeavour to the best of my ability to undo it. I know it is impossible to deal with the number of people that this department has to deal with in a year, during which there are 50 million border crossings, and not make mistakes; and of course there are mistakes made. But what surprises me is that there are so few.

I think that is really all I have to say in reply to the hon. member for Prince Albert.

(Translation):

Mr. Dufresne: Mr. Chairman, I was pleasantly surprised a moment ago when, for the first time—and that does not mean that he has not done so previously—I heard the minister (Mr. Pickersgill) reply to the hon. member for Roberval (Mr. Villeneuve) in excellent French, for which I congratulate him. He certainly has the admiration of all those present in the house. I believe we should congratulate him on his magnificent effort.

That is why, Mr. Chairman, convinced as I am that he will readily understand the few remarks I wish to make, I do not hesitate to speak in my mother tongue, thereby confirming the fact that there are two official languages in our country.

Although I have just congratulated the Minister of Citizenship and Immigration for his generous gesture, I nonetheless wish to take him to task for certain statements he made recently, although I do not intend to repeat the ones which have been mentioned here in this house. I would like to refer, if you wish, to the same speech he made at Victoria and which contained a remark to which attention has not yet been called.

I find it in *Le Soleil* of Quebec, a newspaper which is the organ of the party now in power in the country. It is a dispatch from the Canadian Press, dated April 12, 1955, and entitled:

The immigrant who is willing to work will find employment.

This statement is followed by the name (Pickersgill), in brackets, meaning that those remarks were uttered by the Minister of Citizenship and Immigration. According to that statement—and I am quoting what is between quotation marks, which means, I believe, that those are the exact words of the minister—

It is not difficult to settle in Canada, in spite of growing unemployment, provided an average worker does not hesitate to accept any kind of employment.

Reference was made a moment ago to the irresponsible statements which the minister makes on a great many occasions. I believe, Mr. Chairman, that no statement could have been more irresponsible than those remarks made by the Minister of Citizenship and Immigration in his speech in Victoria. By contending that an immigrant coming to this country who truly wishes to work can find employment, the minister has insulted the 700,000 Canadian workers who are now unemployed, because his statement amounts to denying that 700,000 Canadian workers have decided to find employment. That is perfectly ridiculous and I repeat it is a serious insult to the Canadian people.

Mr. Chairman, the dispatch goes on to say —hon. members on the other side find that

funny, Mr. Chairman, but we on this side respect our opinions and we are not afraid to rise and defend the rights of Canadians.

(Text):

Mr. Dickey: You had better put in for danger pay, Tom.

Mr. Dufresne: Would you repeat the remark, so I may have the pleasure of answering?

Mr. Gauthier (Portneuf): It was not for you at all. You would not understand it, anyway.

Mr. Dufresne: The hon. member for Portneuf never understood anything, because we never see him in his seat.

Mr. Gauthier (Portneuf): It was not for you at all.

(Translation):

Mr. Dufresne: Mr. Chairman, I continue with the article:

> Such was the opinion expressed yesterday by the federal Minister of Citizenship and Immigration in answer to the charges made that he had allowed immigrants into the country in spite of the fact that a large number of Canadians are at present out of work.

Further on in the same article there is a quotation from the minister. I will return to this question later.

For the moment let us say that the minister, in the same speech, admitted that unemployment had reached a very high level in this country. According to the statement made by him this very afternoon, Canada has received, since the end of the last war, 1,200,000 immigrants. Whatever may be said to the contrary, this massive immigration policy implemented by the Canadian government since the last world war is no doubt one of the reasons, if not the only reason, why we are at this time faced with such heavy unemployment. The reason is evident and I do not blame the minister since it is only very recently that he took over the portfolio of that department.

What is the economic contribution of the immigrants? On one hand, a few small industries, bringing with them some capital, have been established here and there in Canada. At the same time, a certain number of craftsmen have brought us new techniques and modern methods. On the other hand, it must be admitted that the large majority of the newcomers for the past ten years have been industrial or unskilled workers. To support that statement I think it is sufficient to bring forward the following statistics: 13 per cent only of the total number of newcomers have established themselves on farms, while 5 per cent only went to work as domestic help, notwithstanding the fact that most of the immigrants claimed to belong to these categories in order to gain admission into Canada. Shortly after they were through with that work, either as farm-hands or as servants, these people made their way to our large centres, and we cannot blame them for being attracted by good salaries and for wanting to be able to meet fellow countrymen.

However, hundreds of thousands of these people have increased our industrial labour force, which means that they had to find some 200,000 homes in our industrial centres where the housing problem was already acute. Most of them work for large corporations which get fabulous government contracts, such as Canadair, in Montreal, Canadian Vickers and a number of crown corporations. But what, to my mind, is outrageous is that the moment there is some unemployment the first ones to be laid off are the native sons of Canada, while the newcomers are kept on the job.

I do not want to cast reflection on people who left their country to take refuge in Canada, where they can at least find peace and freedom. I would be the last one to blame them for trying to become Canadian citizens when they wanted to flee from communism and slavery. But I consider that we have not shown good sense in our immigration policy.

I feel that not enough thought was given to this matter and that, in particular, we did not take economic conditions in Canada into consideration before increasing our population to a considerable extent. Lest I be misunderstood let me say that I am not opposed to immigration. On the contrary, I am in favour of selective well-chosen immigration—

Mr. Gauthier (Portneuf): Well, that is what we have now.

Mr. Dufresne: But immigration should only be favoured when this country is prosperous, when everyone has a job. Immigration must be on a selective basis, as I said a moment ago, and provided only that we enjoy here in Canada a certain measure of economic stability.

As for those whom we have welcomed —most are now Canadian citizens perhaps— let us hope that they will find in Canada what they really came here for so that some day they may be Canadians worthy of the name.

Let us rather combine our efforts, so as to keep our own people in this country and prevent thousands of Canadians who are unable to find any work in Canada from emigrating to the United States.

Following these remarks, Mr. Chairman, I wonder if Canada is in a position to continue to receive immigrants this year, and in the future, at the same rate as it has since the end of the war.

I would also like to say a word about the racial distribution of our people with regard to immigration. Since the end of the war Anglo-Canadians, representing a little less than 50 per cent of our population, have received reinforcements out of the 1,200,000 odd new Canadians arriving here, to the extent of 30 per cent. French-speaking Canadians, who make up 30 per cent of our people, have only received reinforcements to the extent of 2 per cent.

I will not blame my English-speaking fellow citizens for requiring even more reinforcements, for asking that more English-speaking people be admitted to this country. But, as a French-speaking Canadian, as a citizen of Quebec, I think that because of their contribution to Canada since confederation, French Canadians deserve a greater proportion so as to stabilize our group better within the Canadian nation.

I would therefore ask the hon. minister, first, for a temporary halt on further landings of immigrants in this country, until the day when our economic balance is restored and every Canadian has his own job enabling him to face his obligations, to maintain his family, and to be, at the same time, a true Canadian.

Mr. Chairman, may I very sincerely congratulate the hon. member for Edmonton (Mr. Holowach), who just now touched upon a most important and serious point. I agree with the hon. member who said that it is inconceivable that a child born in Canada, even on the day after the arrival of its parents in this country, should be denied the family allowance to which it is entitled. Being born in Canada, the child is a Canadian citizen and, once a Canadian citizen, comes under Canadian law.

Mr. Chairman, I would like to ask the hon. minister a simple question.

Could he tell me—

(Text):

Can the minister tell me if the D'Ambreville case from Haiti has been settled and if the applicant has passed the necessary medical examination. I know the applicant's wife has been notified that permission will be granted to him to come to Canada provided he can pass the medical examination.

(Translation):

Mr. Pickersgill: Mr. Chairman, I do not have here the required information with respect to this case. I shall be pleased however to give him the details on Monday.

Mr. Dufresne: I thank the hon. minister in advance and I shall be grateful for that information.

A moment ago, the hon. member for Prince Albert (Mr. Diefenbaker) has mentioned a certain bureaucracy which is enthroned in the department. I would like to call to the attention of the minister the bureaucracy which has established itself in the department of immigration in the very city of Quebec.

I wish to call to the attention of the hon. minister—I am pleased to note also the presence of the deputy minister—the fact that in Quebec city last year a competition, known under No. 54-6749, for the position of immigration officer grade 2, was held in the department of immigration. Many applicants came to the civil service commission office—

(Text):

Mr. Pickersgill: Mr. Chairman, I hope the hon. gentleman will permit me to speak in the official language which I speak more easily. The subject upon which he is now entering does not come within the jurisdiction of this department. It comes within the jurisdiction of the civil service commission. Perhaps the hon. member would reserve his remarks until the appropriate department is before the committee.

Mr. Dufresne: I do not wish to discuss this matter in regard to the civil service commission; I wish to discuss what happened in the immigration department at Quebec when this examination was called by the minister. I am not dealing with the civil service commission at all, I am just dealing with the way some officials acted in connection with this competition.

Mr. Pickersgill: I feel that I ought to insist on my point of order. This whole matter has nothing whatever to do with the officials of my department. I understand that the examination was held on the premises of the department, but it was conducted by the civil service commission.

Mr. Dufresne: On the point of order, the minister seems to know what I am referring to and he seems anxious to get to his feet,

but I do not think he is so anxious to have me deal with this case. I suggest respectfully that what I want to talk about has nothing to do with the civil service commission. I want to deal with what happened in the department of immigration in connection with a competition, because most of those who applied for this position as officer, grade 2, were already members of the department.

The Deputy Chairman: I am largely in the hands of the committee because, as is known, I have not been able to follow in detail the arguments which led up to the point of order. If I am correct in assuming that the hon. member for Quebec West wishes to discuss the merits or demerits of the method of holding a competition or of making appointments to this department or to any department, that is those which have largely been taken out of the field of what used to be called politics and have been handed over to the civil service commission, those that have been withdrawn from the active control of the minister in charge of the department, then they would be capable of discussion only when the estimates of the civil service commission are before us. But they are not capable of being discussed when the estimates of a department to which such civil servants hope to be appointed or promoted are before this committee.

I have no desire, and I do not think the committee has any desire, to restrict the freedom of discussion in any way, but it is a fact that the procedure followed and the weight given in a competition under the civil service commission are not matters coming before the minister of immigration; they are not within the competence of the minister. If the hon. member for Quebec West wishes to discuss the actions of an employee of the Department of Citizenship and Immigration in his capacity as such, of course he may proceed. If he wishes to discuss the manner in which such employee was hired or promoted as the result of a civil service competition; if he is referring to the method of holding a competition or to what happened in that connection, I shall have to rule that he must hold that criticism until the estimates of the civil service commission are before the committee, at which time of course he would be perfectly free to discuss all the aspects of that type of competition.

Mr. Dufresne: I want to discuss the matter in both ways; first of all, the way some officials of the department have acted and, second, the way the competition was looked after.

Mr. Gauthier (Portneuf): Shut up.

Mr. Dufresne: I will shut up when I am through. Nobody will make me shut up until my time is up. Those who cannot say anything but "shut up", Mr. Chairman, have nothing else to say, and I have never seen them on their feet in this house. The only thing they have to do is try to insult others who are here performing their duty.

Mr. Gauthier (Portneuf): Mr. Chairman,—

Mr. Dufresne: I am not allowing the hon. member to make a speech on my time.

The Deputy Chairman: Will both hon. gentlemen please resume their seats? If the hon. member for Portneuf is raising a point of order or a question of privilege—

Mr. Gauthier (Portneuf): A question of privilege. As often as the hon. member for Quebec West can try to insult a member of this house, he does so.

Mr. Dufresne: On a point of order—

Mr. Harkness: That is not a question of privilege.

The Deputy Chairman: Order. The hon. member for Portneuf has the floor on a question of privilege, and I will hear him; but at the same time the hon. member for Portneuf will please direct his attention to the specific question of privilege that he is raising and to that only.

Mr. Gauthier (Portneuf): The hon. member for Quebec West says he does not see the members on this side of the house get up very often, and that they would rather sit and listen, or not listen, to his brilliant speeches. But I am asking the hon. member to understand that he is absolutely out of order, and all the members of this house—

Mr. Dufresne: It is not up to you to decide the rules of this house.

Mr. Gauthier (Portneuf): Why does he not abide by the ruling of the Chair?

Mr. Harkness: What is the question of privilege?

Mr. Gauthier (Portneuf): I stated the question of privilege at the outset of my remarks.

Mr. Harkness: There is no privilege there.

Mr. Gauthier (Portneuf): If I have to speak in Greek, I will.

The Deputy Chairman: I suggest to the hon. member for Quebec West and to the hon. member for Portneuf that it will be easier for us to handle questions of order or privilege if we get them one at a time; and, without wishing to curtail the liberties of the

members of the committee, if we get them without too much outside assistance.

I do not think the question raised by the hon. member for Portneuf can be justified as a question of privilege. The hon. member for Quebec West has replied, as a great many members of this house are entitled to reply, in fairly general and not too complimentary terms to interjections from various hon. members of the house. I am not going to rule the type of reply he has just made out of order, but I am going to endeavour to enforce the point of order which I was called upon to decide a short time ago. The hon. member for Quebec West.

Mr. Dufresne: Mr. Chairman, that is exactly what I was doing when I was interrupted by the hon. member for Portneuf. That was not the first time in the course of my speeches that I have been interrupted by him and some of his colleagues.

Mr. Gauthier (Portneuf): The first time tonight.

Mr. Dufresne: And not always in a very intelligent way, as you have probably noticed.

Mr. Gauthier (Portneuf): You are no judge of that.

Mr. Dufresne: As I said, my intention was to discuss the matter in both ways; first of all, the way in which the competition was conducted and, second, the way some of the officials of the department have acted. As you have ruled that I cannot speak on the manner in which the competition has been conducted, I shall now wait until the estimates of the civil service commission come up to continue my remarks on that particular matter.

I shall now conclude by saying that I do think the remarks I made earlier should be taken in good part by the minister of immigration, and that he should do his utmost to see that, first of all, we give our own Canadians the jobs they are entitled to before having more immigrants enter Canada.

Mr. Pickersgill: Mr. Chairman, I listened quite attentively to the hon. member for Quebec West. I presume, of course, that he was speaking for the Conservative party.

Mr. Dufresne: On a point of order—

Mr. Pickersgill: As the position of the government—

Mr. Dufresne: On a point of order—

The Deputy Chairman: Order. If the hon. member for Quebec West is rising on a point of order we must listen to him.

Mr. Dufresne: He probably had a hard time hearing me, as there were so many speaking on the other side. On a point of order, I do not think the minister has the right to attribute to me intentions that I do not have. I was not speaking on behalf of one political party. I was speaking on my own behalf, and we have here on this side of the house the privilege of having different opinions on one matter or another.

An hon. Member: On all matters.

The Deputy Chairman: I understand that the point the hon. member for Quebec West is raising as a point of order is not really such at all but a matter of personal explanation, which he has had an opportunity to make and he was entitled to make.

Mr. Pickersgill: If I might make a suggestion, it seems to me that all the discussion in the committee so far, except for the question asked by my hon. friend the hon. member for Roberval, has related to immigration. Could we pass the first item on departmental administration and then take the rest of the estimates, in order under the various branches, so I could have the appropriate officials here to assist and so there might perhaps be a little more order in the consideration of the estimates?

Mr. Dufresne: They seem to enjoy it.

Mr. Michener: Mr. Chairman, before we come to the details of the items, I should like to make one or two general observations arising partly out of what the minister has said. Perhaps it would not be out of place to say something about the proceedings of the special committee on estimates. It seems to me that the committee has accomplished a fair part of the work of this committee of supply in reviewing many of the details of the administration of the department. That is perhaps evidenced by what has been said so far, because our discussion today has not been on the details of administration but on one or two general matters which have occupied the committee up to this time.

I think it proper to say that, as a member of that committee, I find no room for complaint about the conduct of the officials of the department whom we had the privilege of examining, the deputy minister and those who were with him. We were free to ask them questions directly, and we received our answers in many cases directly. Sometimes the minister assumed that a matter of policy was involved and undertook to speak for his officials, but by and large we received the information which we asked for and were not refused information. I think perhaps that, rather than putting it on a negative basis and saying that we have no complaints, I should say that the procedure of the

special committee commends itself to me as a distinct improvement over what can be done in this committee of supply.

I will not go as far as that with respect to the minister himself. We complained about his being a member of the committee at the same time as he was a witness appearing before the committee to answer for his department, but that matter was resolved by *force majeure*. We were not able to carry our point. We had the minister speaking on both sides of the issue and we also had him as a witness. I must say that if you review the transcript you will find that the minister used as much of the time of the committee as almost anyone else.

Mr. Weir: Good.

Mr. Michener: Perhaps he volunteered more information than he was asked at times. I think of one statement he made which perhaps he might have wished unsaid, and with which others might not agree. At page 12 of the transcript the hon. member for Kamloops said:

> I do not want to get into an argument right away, but I do think the minister is being overly cautious.

Then the minister said:

> The minister himself has indicated that he is timid and careful in his utterances, and he stands by that.

He characterized himself in those terms. He was not responding to any question, and possibly expressed an opinion which others may not hold.

Mr. Pickersgill: Merely the truth shining forth.

Mr. Knowles: Just an *obiter dictum*.

Mr. Michener: That was *obiter*. I do want to say something about the difficulties we had over Mr. Taylor's evidence, and I say it because I think what the minister said this afternoon gives a wrong impression to the committee. To my mind what was involved was not the production before the committee of some mysterious documents. It seems to me that the discussion of those documents was used as a screen to obscure the fact that here was a witness who might have given information to the committee out of his own experience, but whose evidence was refused by the committee. I say that because Mr. Taylor, as the minister himself said, is a practising lawyer having a good deal of immigration work, who undertook to review some 200 cases which had come before the department.

Mr. Pickersgill: I should like to make it clear, if I did not this afternoon, that the 200 cases were 200 cases that came to Mr. Taylor in his law practice.

Mr. Michener: I am not denying they were 200 cases that came to him in his law practice. He probably knew them better than if information about them had come to him by hearsay. But whatever they were, whether they were cases of his clients or partly of his clients and partly of clients of other lawyers in any event he reviewed the cases and he had opinions, as a result of that experience, as to the administration of the department. It seems to me that his opinions based on that experience were the sort of evidence that might have been useful to a committee which was reviewing the administration of the department. He had made criticisms and had offered his evidence. If there was nothing to his criticisms, surely it would have been better for the department and the minister to allow the witness to come, say what he had to say, and if his complaints could be met, meet them and dispose of them.

The minister has made quite a play of meeting all issues head-on, and I must say that in his own conduct in respect of other things he appears to do that. He does not balk at any questions, nor does he refuse any issue. However, in this particular case this man offered his evidence and the minister, instead of allowing his evidence to be heard, which could have been done without inconvenience to the committee or to the witness, hid behind the substantial majority of government members on the committee, and on three or four occasions when the question was brought to a head he permitted the vote of the government majority to settle the question of whether this man should appear.

The only consequence is that the suspicion arising out of such criticisms as this man made, and which we have all heard to some extent, lingers instead of being met. If there is any grievance it has not been remedied. If there was no grievance the suspicion continues, to the discredit and discomfort of the minister. Therefore I suggest that in that particular instance, when there was no question of producing documents but simply of allowing a man who had special experience to come and tell his story and be examined before a committee, it was wrong for the government majority to refuse by sheer weight of numbers to hear that evidence, and it was wrong for the minister to countenance that action.

Mr. Harkness: Mr. Chairman, I have a general complaint with regard to the arbitrary manner in which a great deal of the immigration work of the department seems to be

carried on, and the fact that the department seems to be very stiff-necked about its own errors and extremely difficult to persuade to change any decision that has been made, no matter how wrong it may be shown to have been in the first place. In this connection I should like to cite the case of a woman, Mrs. Jessie Wilson, who came to this country from Australia.

Mr. Pickersgill: Would the hon. member permit one very brief interruption? If we are now going to have immigration, can we carry item 59 and go on with immigration, because it would be a great help to me to have the director here?

Mr. Harkness: What I have to say is by way of general criticism of the departmental administration and the way things are carried on. I think this is probably the proper place to bring up the matter, rather than attempt to bring it up in detail at another time when I might be told it was not really properly applicable at that point.

Mr. Pickersgill: Strictly speaking it is not properly applicable on the item of departmental administration. It is properly applicable on the immigration branch item. However, I am not insisting on the point at all.

The Deputy Chairman: I am not going to rule the hon. member for Calgary North out of order. I am not suggesting it is the most efficient method, but it has been the practice to allow almost any discussion relevant to the department on the first item. It will be up to hon. members who wish to raise these points whether they insist on raising them at this stage or whether it would suit their purposes better to do so when the appropriate officials are before the minister.

Mr. Harkness: Thank you, Mr. Chairman. I think this particular case illustrates quite well the arbitrary methods frequently used, I am afraid, in the immigration department, and the impossibility almost of getting the department, including the minister in charge, to rectify anything, make any change or admit that any error has taken place. I took up this case first of all with the present Minister of Finance when he was minister of citizenship and immigration. I thought I was making some progress on it, but nothing happened. I took it up with the present minister, and still nothing happened.

Briefly, the circumstances in the case were these. This woman, Mrs. Jessie Wilson, had a son living in Calgary. He had been an air trainee during the war, married a Canadian girl, came back and settled there and is living there at the present time. His mother came over to visit him. Before she left Australia she took the usual physical examination. As a matter of fact she bought a return passage. She was not sure whether she wanted to settle here and live in Canada, as her son was urging her to do, or whether she would go back. In any event, she took the usual medical examination and it was discovered by X-ray that she had a tubercular scar of some sort on her lung. The people in Australia told her the scar was of old origin, was not active, and that for all practical purposes she was quite fit and well.

Mrs. Wilson landed in Vancouver and was allowed to remain 24 hours, when she was put on a ship and sent back to Australia. The main points of the story are perhaps best set out in an editorial in the Calgary *Herald*, which took up this case. I shall read briefly from this editorial which is headed, "What's Happening in Immigration?"

> We do not like the sound of the reports of episodes which keep trickling out of the machinery of the Department of Citizenship and Immigration.
>
> The latest of these concerns Mrs. Jessie Alice Wilson, an Australian woman, who after travelling all the way to Canada to visit her son in Calgary was summarily sent home by the immigration authorities in Vancouver. The authorities denied entry to Mrs. Wilson on the grounds that she was suffering from tuberculosis, and they took this decision despite a recommendation from some Vancouver doctors who examined her that "it would not be advisable to order deportation until conclusive tests had been made."

As a matter of fact, I have here a photostatic copy of a letter which was given to Mrs. Wilson in Vancouver when she was examined there.

Mr. Pickersgill: Examined by whom?

Mr. Harkness: I am just beginning to read it. This letter is headed, "Division of tuberculosis control, department of health and welfare, Willow chest centre, Vancouver, B.C.; January 19, 1954". It is addressed to the department of immigration, Vancouver, B.C.; re Mrs. Jessie Alice Wilson. It reads as follows:

> Chest X-ray of January 18, 1954, reveals fibrotic appearing infiltration in the peripheral portion of the first and second right interspaces. There would appear to be a calcification deposited in these areas. This has the appearance of an arrested area of tuberculosis and it is our opinion that it would not be justifiable to deport this patient on the strength of the present findings.
>
> Before a dogmatic opinion regarding this area can be given, further followup studies by X-ray and stomach washings would be necessary.
>
> Yours truly,
> Signed "D. Mowat"
> D. Mowat, M.D.,
> Clinic director,
> Willow chest centre.

What happened was that this woman was examined by an immigration doctor and he said she had pulmonary tuberculosis. She

had been told before she left Australia that she did not, that this was just an old scar. She was examined by this man who is head of the provincial tuberculosis centre in British Columbia, and he advised that she should not be deported on the strength of anything he could find. In spite of that she was deported. Complaints were made, and I took the matter up with the present Minister of Finance, who said he would have the case reviewed. He did have it reviewed, but the doctors in the immigration department said, "No; pulmonary tuberculosis. We cannot have the woman in here".

Mr. Pickersgill: I must rise on a point of order. The hon. gentleman is not talking about matters over which I, as minister, or my predecessor, as minister, had any control whatever. The determination of these cases, as I understand it, is carried out for us by the Department of National Health and Welfare. I do not attempt to substitute my judgment for the official medical advice that I receive from the proper, competent people. I have not the right under the law to substitute myself, nor have any of the officials of this department, for that matter. Therefore if the hon. gentleman wishes to raise these individual cases, and to complain about the checking of another department of government, it does not seem to me quite reasonable—

Mr. Ferguson: Don't try to worm out of it.

Mr. Pickersgill: —that the time allotted for this department should be taken up with it.

Mr. Harkness: The examination of people wishing to enter this country is performed, as the minister has just said, on behalf of the department of immigration by the Department of National Health and Welfare. The doctors who perform that examination technically belong to the Department of National Health and Welfare, but the work is done for the department of immigration. It is the immigration people who act on whatever the findings are.

As I said at the beginning, I brought this case up for the purpose of showing the arbitrary methods that are followed by the department and the subsequent impossibility, when a mistake has been discovered, to get the immigration people to admit it. In view of the medical evidence, some of which I have given here, I do not think there is any doubt that this woman never should have been deported. I have two full sheets containing clinical observations by tuberculosis specialists in Australia, both before she came to this country and after she went back. All the observations are to the effect she has no active tuberculosis. She has an old scar, just as many people have, and to all intents and purposes she is a fit woman.

In spite of this medical evidence, this doctor working for the department of immigration made a mistake. I do not think there is any doubt about it. He diagnosed this woman as having pulmonary tuberculosis, yet all the tuberculosis experts who have examined her claim she does not have pulmonary tuberculosis. On the basis of this diagnosis the woman was allowed to stay in the country only 24 hours. The department paid no attention to the report of the tuberculosis specialists to whom they took the woman during the brief time she was here. She was sent back to Australia, and furthermore she has not been allowed to return here. Subsequent efforts on the part of her son to get her back to this country have all been turned down, still on the basis she has pulmonary tuberculosis.

What it boils down to, and I wrote the minister to this effect, is that it would appear that once a mistake has been made by one of the doctors advising this department, then the department refuses to admit that mistake. They insist he was right, no matter how much medical evidence you bring to show he was wrong. The department acts on that basis. I shall not take the time of the house to read all this medical evidence. I have two full pages of clinical reports from tuberculosis specialists, which are on the letterhead of the anti-tuberculosis association of New South Wales.

This case has dragged on now for a year and a quarter, but no matter what medical evidence you bring in the answer is always the same, that the woman has pulmonary tuberculosis. The department maintains this position in spite of the fact that every tuberculosis specialist, both in Canada and in Australia, who has examined her says she has not and never did have it. The woman was shipped back in this arbitrary manner at great expense which she could ill afford, and she has been refused entry since. If that is not an arbitrary method of carrying on immigration to this country then I do not know what you could call arbitrary treatment.

The son became a Canadian some years ago, and first arrived in this country as a trainee under the air scheme. Both ministers, one after the other, who have handled this department during this period refused to have anything done about the matter. In other words they took the attitude, "Well, our doctor—who I do not suppose for a minute was an expert on tuberculosis—"said she had pulmonary tuberculosis and so far as we are concerned that is it." They do not

care what the Australian doctors say. They do not care what the Vancouver specialist says. So far as they are concerned she has pulmonary tuberculosis and they are not going to let her in.

It is this type of case that has caused a great deal of distrust of the department of immigration. It is this type of thing that has caused a large number of people to believe there is something particularly wrong, particularly rotten so far as the department of immigration is concerned. I am not saying that is the case. As a matter of fact I am quite sure that the department—

Mr. Ferguson: I am.

Mr. Harkness: —has many very able officials who do their best to carry on things in a reasonable way. This, however, indicated a stubborn attitude right at the top on the part of the minister who is now in charge, and the minister who was formerly in charge. When you have a minister in charge of a department who adopts an absolutely stubborn attitude of that sort, and refuses to let reason enter into the settlement of any of these cases, then I do not think it is fair to blame the officials. I think the blame should be placed right squarely on the shoulders of the minister; and I think in this particular case the minister should give an undertaking to have a new review made immediately with a view to letting this woman come into this country to visit her son.

Mr. Pickersgill: I shall be delighted to review the case. I do not think I have ever refused any member of this house, including the hon. member who has just spoken, a review of any case I have been asked to review.

Mr. Harkness: And I might say in that connection that if the minister is going to review it in the same way he reviewed it before, merely reiterating the statement that the doctor examined her once on behalf of the department, and then say "Our people know best", it will not be enough. Just wait until I get this letter from my file and read what he said in connection with the medical evidence. I find on looking in my file that I do not have the letter I intended to read.

Some hon. Members: Oh, oh.

Mr. Harkness: Well, I have so many of these letters here that it is hard to find them in a minute. But the first letter was to the effect that the medical men in the employ of the department and working for the department knew better than any of the outside doctors what the requirements for immigration purposes would be. Then after I did get a review of the matter the minister wrote saying this:

> A medical report has now been received from the chief of the Department of National Health and Welfare, immigration service, concerning Mrs. Jessie Alice Wilson of Australia.
>
> Dr. Reid states that Mrs. Wilson is certified under section 5, s.s. (b) of the Immigration Act, and that she will require an over-all period of observation of at least two years, before up-grading can be considered.

In other words, apparently all Dr. Reid did was take the diagnosis of pulmonary tuberculosis and say, "We cannot look at her for two years, until it has a chance to clear up". On the other hand all the experts in this line who examined the woman, who took sputum tests, who X-rayed her, and everything else, insisted that she never did have pulmonary tuberculosis, that all she had was a bit of a scar that had been there for years and did no harm at all.

Mr. Ferguson: I think that was one of the worst exhibitions this House of Commons has ever seen, the Minister of Citizenship and Immigration, when his estimates were being discussed and when an item of his department was being drawn to the attention of the house, getting to his feet and declaring that because somebody else was trying to help to do the job he cannot do himself, it is not good enough because it is not in his department, that the doctors belong to another department. And in effect he says, "Therefore my time should not be wasted. You should not talk about my department, because my assistants who are trying to enable me to do the semblance of a decent job do not belong to my department." That is a fine attitude to take.

Mr. Knowles: He says they are not his babies.

Mr. Ferguson: No, they are not his babies. The majority of cabinet ministers in the Liberal government take the responsibility for everything that is done in those departments. But here we have a new minister trying to shove it off, on to another department. That is a fine manner in which to do business.

The Deputy Chairman: Shall the item carry?

Mr. Stuart (Charlotte): Mr. Chairman, may I say a few words. I sat on the estimates committee when it dealt with the estimates of this department. It was emphasized on many occasions that the department had not been careful enough in screening immigrants

entering this country. We sat through hour after hour listening to that kind of criticism. It was opposition members sitting on that committee who made all the criticism. There was information the minister was unable to give them with respect to screening in Europe, and they were not satisfied with that. They wanted to have all the details.

Mr. Ferguson: That is not—

Mr. Stuart (Charlotte): You have had your say, Fergie; now I want mine. They wanted all the details about how the screening was done, to find out if the department was being careful enough. I have heard the accusation made on the floor of the house that immigrants who did come to this country were found to be in ill health, and we have been criticized for having to take care of them.

Tonight the shoe is on the other foot. I know Dr. Reid very well, and I have a lot of confidence in his judgment. But they say Dr. Reid knows nothing about this disease, and that the only thing we can do is discard any advice that might be at our disposal and take that of some other doctor who might be in British Columbia or Australia. I feel we have doctors of our own in this country who can take care of this situation. I do believe the screening that is being done for this department should not be condemned, and that we should support it.

Mr. Dinsdale: Mr. Chairman, I should like to end this discussion on a peaceful note by asking you to call it ten o'clock.

Mr. Pickersgill: Could I not make a humble appeal to hon. members to let item 59 pass so we can get along with the estimates the next time they come up?

Some hon. Members: No.

Some hon. Members: Agreed.

Some hon. Members: Carried.

Mr. Dinsdale: I am afraid if that were done I would not have the opportunity to make the remarks I intend to make.

The Deputy Chairman: It being ten o'clock, shall I report progress and ask leave to sit again?

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Green: What is the business for Monday?

Mr. Lapointe: We shall continue with the budget debate on Monday.

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

HOUSE OF COMMONS

Monday, May 2, 1955

The house met at 2.30 p.m.

QUESTIONS

AIR CREW PERSONNEL, R.C.A.F.

Mr. Hamilton (York West):

1. What number of air crew are required to be recruited annually for the Royal Canadian Air Force to maintain the air strength necessary for present policy and commitments?

2. What were the actual enlistments for air crew during the last twelve months for which information is available?

3. (a) How many applications for enlistment as air crew were received during the last twelve months for which information is available?

(b) How many of these were rejected and for what reasons under the following headings: (i) physical disability; (ii) failure to meet educational requirements; (iii) other reasons?

4. How many air crew passed their courses and qualified during the last twelve months for which information is available?

5. How many qualified air crew were discharged from the service during the last twelve months for which information is available and for what reasons: (a) physical disability; (b) completion of term of service; (c) other reasons?

Mr. Blanchette:

1. The number of air crew required for enrolment in the R.C.A.F. naturally varies from year to year. Inasmuch as the R.C.A.F. has been expanding, the general trend is still upwards. The number of air crew required for enrolment last year (1954) was somewhat in excess of 900.

2. The actual enrolment for air crew training last year (1954) amounted to 885.

3. (a) A total of 5,570 made application for enlistment as air crew last year (1954); (b) During 1954 the following rejections were made: (i) physical disability, 312; (ii) failure to meet educational standard, 80; (iii) other reasons, 3,729.

4. During 1954 a total of 409 officers were qualified as air crew.

5. During 1954 the following air crew were discharged: (a) physical disability, 20; (b) completion of term of service, 78; (c) other reasons, 53.

NATIONAL FILM BOARD—DISTRIBUTORS

Mr. Fraser (Peterborough):

1. What firm or firms acted as distributors for national film board (a) commercial 35 mm films; (b) commercial 16 mm films, (i) for the year 1954; (ii) for the first three months of 1955?

2. What revenue was received from this firm or firms for each type of film during (a) the year 1954; (b) the first three months of 1955?

Mr. Pickersgill:

1. (a) (i) African Consolidated Films, South Africa; Archway Films, U.K.; Art Films, Brazil; Astral Films, Canada; Atos Films, Belgium; British Film Institute, U.K.; British Overseas Film Sales, U.K.; Cardinal Films, Canada; Columbia Filmbooking, Holland; Continental Distributing Inc., U.S.A.; Columbia Pictures of Canada, Canada; Exclusivos Trienfo Lta., Portugal; A.B. Europa, Sweden; Favorite Films, U.S.A.; Films Dismages, France; Filmsonor, Belgium; Filmudlejning, Denmark; General Film Distributors, England; International Film Distributors, New Zealand; International Film Distributors, England; Janco, Sweden; Kingsley International Picture Corp., U.S.A.; Kommunenes Filmcentral, Norway; Manor Films, U.S.A.; Metro-Goldwyn-Mayer, England; New Realm Films, U.K.; Neue Filmkunst, Germany; Nordisk Film Junior, Denmark; J. Arthur Rank Overseas, England; R.K.O., Pathe, U.S.A.; Regent Film Distributors, England; Selznick Releasing Organization, Belgium; Boris Seltzer (Elanfilms), Belgium; Schweizer Schul und Volskino, Switzerland; Stereo Techniques, U.K.; E. J. Smiddy, U.S.A.; Societe Belge, Belgium; UITKIJK Cinema, Holland; United Artists Corp., England; United Artists Corp., U.S.A.; Universal Pictures U.S.A., U.S.A.; Victor Films, Switzerland; Vita Films, Switzerland; Victory Films, France; Warner Bros. Pictures, England; Warner Bros., U.S.A.; Woodrow Corporation, Australia.

1. (a) (ii) As above, plus: Nordisk Film Kompagni, Denmark.

1. (b) (i) Association Films, U.S.A.; Black Star Publishing Co., U.S.A.; Francis Bolen, Belgium; Bray Studios, U.S.A.; British Information Services, Germany; Commonwealth National Library, Australia; Edita Films, France; G. B. Equipment (Br. Acoustic), England; Educational film exchange, Japan; Encyclopaedia Britannica, U.S.A.; A. B. Europa, Sweden; Film Images, U.S.A.; Film Traders, England; Interfilm, Germany; International film bureau, U.S.A.; Library Films, U.S.A.; McGraw Hill Book Co., U.S.A.; Sound Services Ltd., England; Sterling Films (Sterling Television), U.S.A.;

Svensk Filmindustri, Sweden; United World (Castle Films), U.S.A.; Young America Films, U.S.A.; Times Television Corp., U.S.A.; Canadian Broadcasting Corp., Canada; Canadian private television stations, Canada.

1. (b) (ii) As above, plus: Freemantle Overseas Radio and Television Inc., U.S.A.

2. (a) Commercial 35mm, $33,516.31; Commercial 16mm, $116,729.81.

2. (b) Revenue figures for this period not yet available.

HEALTH GRANTS, NOVA SCOTIA

Mr. Balcom:

Under the national health grants program, what federal grants have been made to the mainland hospitals of Nova Scotia (a) under the hospital construction grants; (b) under the other health grants?

Mr. Martin: The following federal grants have been made to the mainland hospitals for Nova Scotia:

Name of Hospital (a)	Location	Amount of Grant
Bayview Memorial Red Cross hospital	Advocate	$ 3,608.81
St. Martha's hospital	Antigonish	122,000.00
Western King's Memorial hospital	Berwick	28,333.33
Nova Scotia Institute	Brookside	74,761.11
Eastern Memorial hospital	Canso	5,471.83
Halifax County Mental hospital	Cole Harbour	300 000.00
Nova Scotia hospital	Dartmouth	533,080.00
Guysboro Memorial hospital	Guysboro	15,000.00
Children's hospital	Halifax	177,530.00
Victoria general hospital	Halifax	195,882.34
Provincial polio clinic	Halifax	29,769.91
Blanchard Fraser memorial hospital	Kentville	21,000.00
Queen's general hospital	Liverpool	41,666.66
Lunenburg hospital	Lunenburg	38,666.66
Musquodoboit Valley memorial hospital	Middle Musquodoboit	5,349.12
Twin Oaks memorial hospital	Musquodoboit Harbour	11,000.00
New Glasgow hospital	New Glasgow	251,000.00
Eastern Shore memorial hospital	Sheet Harbour	17,161.16
St. Mary's hospital	Sherbrooke	10,113.09
Colchester county hospital	Truro	60,000.00
Payzant memorial hospital	Windsor	45,666.66
	TOTAL	$1,987,060.68

Name of Hospital (b)	Location	Amount of Grant
Highland View hospital	Amherst	$ 7,026.00
Annapolis hospital	Annapolis Royal	550.00
St. Martha's hospital	Antigonish	16,205.00
Nova Scotia training school	Brookside	64,688.00
Nova Scotia hospital	Dartmouth	279,301.00
Digby general hospital	Digby	550.00
Halifax tuberculosis hospital	Halifax	52,265.00
Victoria general hospital	Halifax	642,319.00
Children's hospital	Halifax	21,035.00
Grace maternity hospital	Halifax	6,006.00
Halifax infirmary	Halifax	8,900.00
Nova Scotia sanatorium	Kentville	198,711.00
Blanchard Fraser hospital	Kentville	550.00
Soldiers' memorial hospital	Middleton	550.00
Aberdeen hospital	New Glasgow	7,822.00
Roseway hospital	Shelburne	47,392.00
Colchester county hospital	Truro	11,568.00
Payzant memorial hospital	Windsor	7,311.00
Yarmouth hospital	Yarmouth	7,311.00
	TOTAL	$1,380,060.00

Questions

TRANS-CANADA HIGHWAY PAYMENTS, NOVA SCOTIA

Mr. Lusby:

1. Has the federal government made payments to the government of Nova Scotia under the terms of the trans-Canada highway agreement?
2. If so, how much has been paid to date?

Mr. Winters:

1.—Yes.

2.—$75,699.97.

INDIANS

Mr. Campbell:

1. How many houses for Indians have been built on the following Saskatchewan reservations, during the past five years: Thunderchild, Moosomin, Red Pheasant, Sweetgrass, Poundmaker, Little Pine, Saulteaux?
2. What amount of band funds stood at the credit of these different bands in 1945, in 1954?
3. What has been the population increase in the past ten years, and what is the present population?
4. Is relief, houses and farm machinery charged to band funds?
5. Are there farm instructors on each of these reserves and, if so, who are they?
6. How much land is under cultivation in each of these reserves, and how many cattle are on each reserve?
7. What provision is being made to build roads on the same reserves?

Mr. Pickersgill:

1. Thunderchild, 3; Moosomin, nil; Red Pheasant, 8; Sweetgrass, 8; Poundmaker, 9; Little Pine, 9; Saulteaux, nil.

2. Band		Balance March 31, 1946	Balance March 31, 1955
Red Pheasant	Capital	$ 23.90	$ 2,943.61
	revenue	363.27	3,487.65
Saulteaux	Capital	418.78	385.43
	revenue	3,841.77	1,888.05
Poundmaker	Capital	661.96	3,326.51
	revenue	1,573.73	619.67
Sweetgrass	Capital	1,231.38	2,070.42
	revenue	5,361.12	4,464.98
Thunderchild	Capital	79,215.35	65,396.57
	revenue	23,507.77	2,292.19
Moosomin	Capital	72,820.74	82,989.85
	revenue	48,118.78	20,383.44
Little Pine	Capital	622.86	1,071.50
	revenue	372.47	8,478.44

3.	Increase since 1944 Census	Present Population
Thunderchild	74	328
Moosomin	37	164
Red Pheasant	56	284
Sweetgrass	76	298
Poundmaker	59	259
Little Pine	85	298
Saulteaux	46	116

4. Relief, yes, when the revenue fund of a band is sufficient to meet the relief requirements; housing, yes, but only when the funds of a band are substantial; farm machinery, yes, but only when the machinery is required for band purposes and the band fund is fairly substantial.

5. Mr. R. T. Smith, farming instructor, with headquarters at the Thunderchild reserve is also responsible for instruction at the Moosomin and Saulteaux reserves.

Mr. W. B. Chisholm, farming instructor, with headquarters at Sweetgrass is also responsible for instruction at the Red Pheasant and Mosquito reserves.

Mr. C. Taylor, farming instructor, with headquarters at Little Pine is also responsible for instruction at the Poundmaker and Luckyman reserves.

6. Reserve	Acres under cultivation	Number of Cattle
Thunderchild	1,423	127
Moosomin	1,465	152
Red Pheasant	920	164
Sweetgrass	3,967	130
Poundmaker	3,364	45
Little Pine	1,820	164
Saulteaux	141	13

7. No provision has been made to build roads on these reserves during the current fiscal year.

CHILLIWACK CAMP—COMMANDANT'S HOUSE

Mr. Harkness:

1. When was the house for the commandant at the Chilliwack army camp built?
2. What was the cost of this house?
3. By whom was it built?
4. Was the contract let on a firm basis or on a cost plus basis?

Questions

5. If it was on a firm cost contract basis, what was the amount of the contract?

Mr. Blanchette:

1. Between May 1949 and June 1950.

2. Labour costs do not enter into the cost of the house since its construction was undertaken as a trades training project by Royal Canadian Engineer Corps trainees. The cost of the house is, therefore, the cost of the materials used in its construction, totalling $14,418.84.

3. The house was built by trades trainees of the Royal Canadian School of Military Engineering. Construction began early in May 1949. Much of the initial work was done by pre-course trainees while awaiting the commencement of the next series of courses.

A total of 249 trades trainees worked on the project at various times. The different types of tradesmen employed included foremen of works, draughtsmen, blacksmiths (for steel and metal work), concretors, carpenters, painters, sheet metal tradesmen, plumbers and bricklayers.

Tradesmen worked on the project insofar as their training schedules fitted in with the type of work which needed to be done at any given time. Actual work on the house was accompanied by lectures on the particular phase of construction then being undertaken; a tented classroom was provided on the site. Some materials and installations which would not ordinarily have been used by a contractor were incorporated into the project in order to give a maximum number of trades experience and training.

4. Not applicable.

5. Not applicable.

HEALTH SERVICES, MACKENZIE DISTRICT

Mr. Hardie:

1. What health services does the Department of National Health and Welfare maintain or support for Indians and Eskimos in the Mackenzie district?

2. What X-ray surveys have been carried out by the Department of National Health and Welfare in the Mackenzie district in recent years?

Mr. Martin:

1. Nursing stations with a nurse in charge are operated at Coppermine, Fort McPherson and Fort Norman.

Full-time doctors are stationed at Aklavik, Fort Rae, Fort Resolution, Fort Simpson and Fort Smith. Arrangements are made with doctors in private practice at Yellowknife and with doctors employed by the Imperial Oil company at Norman Wells and Eldorado whereby their services are made available.

Mission hospitals are situated at Aklavik, Fort Rae, Fort Resolution, Fort Simpson and Fort Smith. In these mission hospitals there has been an average of 255 Indians and 65 Eskimos. Cases requiring further treatment than that available in these hospitals are sent to the department's Charles Camsell Indian hospital. There has been an average of 100 Indians and 70 Eskimos from the Mackenzie area over the past year.

A full-time dentist is employed. He travels between the various settlements, and arrangements are made whereby an eye specialist travels throughout the area specializing in the examination of school children.

2. 1951—2,191 Indians were X-rayed.

1952—2,355 Indians, 371 Eskimos, and 1,172 other than natives were X-rayed. 69 cases of active tuberculosis were found.

1953—2,366 Indians, 1,002 Eskimos, and 2,210 non-natives were X-rayed. 76 cases were found, 51 of which were new.

1954—Survey teams operated, by boat and aircraft during the summer months, around Great Slave lake and from there along the Mackenzie river to Aklavik, with side trips for the Liard and Great Bear rivers. Every known settlement and community was visited.

In addition, Eskimo gathering points along the Arctic coast and adjacent islands, from Pelly bay to Herschel island, were surveyed by an X-ray team. The only one missed during the year was Banks island and the Eskimos from this area were X-rayed at Tuk-tuk or Aklavik during their summer visits to these points.

5,938 people were examined by the mass survey method and 66 cases of active tuberculosis were discovered.

1,306 Indians of the Yellowknife agency around Great Slave lake yielded 30 lesions for an active incidence of 2·29 per cent. 23 of these cases were unknown previously.

1,370 Indians of the Fort Norman agency, along the Mackenzie, Liard and Great Bear rivers, had 19 lesions for an active incidence of 1·4 per cent. 10 of the lesions were not previously known.

In the 1,318 Eskimos who were examined along the Arctic coast 13 showed tuberculosis for an active incidence of ·98 per cent. 11 of the lesions were new cases.

There were 1,944 non-natives examined by mass survey in the territories and only 4 found with active tuberculosis for an incidence of ·2 per cent. Two of the cases were new.

There was an improvement in the coverage of Northwest Territories schools during 1954. Pupils were examined at Fort Simpson, Fort Providence and Fort Resolution after the beginning of the fall term. Those at the three Aklavik schools were X-rayed both spring and fall.

A total of 873 students were examined. 391 were Indians and no active disease was interpreted. 272 were Eskimos in whom 1 previously known lesion had become reactivated. 210 were non-native pupils and amongst these 1 new active moderately advanced case was picked up at Fort Simpson.

3,969 films from the Mackenzie-Western Arctic zone were referred to the Charles Camsell Indian hospital for reading during the year. Approximately 1,700 of these were quarterly plates taken on patients under treatment for tuberculosis. The remainder were referred for diagnostic purposes.

2,194 films were taken on Indians, 818 on Eskimos and 957 on persons of non-native status. 81 active tuberculosis lesions were picked up from these films of which 49 were new disease. Of the 81 cases, 53 were Indians, 12 Eskimos and 16 people of non-native status.

SCHIZOPHRENIA RESEARCH

Mr. Goode:

What action is the Department of National Health and Welfare taking to further research on schizophrenia?

Mr. Martin:

Since the inception of the national health program assistance has been given by the federal government, under the mental health grant, to new or continuing research projects on schizophrenia totalling $464,765 as follows:

Saskatchewan	$ 193,030
Ontario	138,565
Quebec	133,170
Total	$ 464,765

In addition, projects for the support of research dealing specifically with schizophrenia have already been approved for the next fiscal year totalling $129,984 as follows:

Saskatchewan	$ 65,986
Ontario	30,998
Quebec	33,000
Total	$ 129,984

The projects which have been approved, as above, are helping well qualified physicians to carry out research into various aspects of this disease. Funds have been provided to secure necessary staff, equipment, materials and supplies.

Many other projects supported by the national health program are providing for research not only on schizophrenia but also on other similar and closely allied mental diseases. Projects of this type have already been approved for the next fiscal year as follows:

Nova Scotia	$ 30,000
Quebec	11,720
Ontario	48,510
British Columbia	51,266
Total	$ 141,496

QUESTION PASSED AS ORDER FOR RETURN

DISABLED PERSONS ACT—ATLANTIC PROVINCES

Mr. Brooks:

With respect to the operation of the Disabled Persons Act in the four Atlantic provinces, what is the following information for each province: (a) the number of applications received; (b) the number granted; (c) the number refused; (d) the number still under consideration?

MOTIONS FOR PAPERS

SAINT JOHN RIVER, N.B., POWER DEVELOPMENT

Mr. Brooks:

For a copy of all correspondence exchanged between the federal government or any department thereof, and the government of the province of New Brunswick, since January 1, 1952 until the present time, with reference to the proposals regarding federal assistance to the government of New Brunswick in financing the development of hydroelectric power on the Saint John river.

Mr. St. Laurent: I hope this motion can be adopted, subject to the usual reservation that we will extend to the government of New Brunswick the courtesy of communicating with them before the papers are brought down.

Mr. Speaker: The motion is carried, subject to the reservation expressed by the Prime Minister (Mr. St. Laurent).

ALLOCATION OF BOX CARS

Mr. Bryson:

For a copy of all correspondence, telegrams, memoranda, and other documents exchanged between the Department of Trade and Commerce, or any other department of the government, and all farm organizations, and between the Department of Trade and Commerce, or any other department of the government and any person or persons, pertaining to the allocation of box cars among elevator companies since October 1, 1953, to date.

Mr. Winters: I wonder if the hon. member would be good enough to allow this motion to stand? I should like an opportunity of speaking to him about it.

Mr. Speaker: The motion will stand.

ASSINIBOINE AND RED RIVERS—FLOODING

Mr. Dinsdale:

For a copy of all correspondence, memoranda, and other documents exchanged between the federal government or any department thereof and

the government of Manitoba and/or other interested parties in Manitoba, relating to the problem of flooding on the Assiniboine and Red rivers, for the period 1949 to the present.

Mr. McCann: The Minister of Northern Affairs and National Resources is unavoidably absent, and as acting minister I should like the hon. gentleman to allow this motion to stand for today.

Mr. Speaker: The motion will stand.

YUKON QUARTZ MINING ACT

MEASURE TO REPEAL EXISTING LEGISLATION AND SUBSTITUTE NEW ACT

Hon. W. E. Harris (for the Minister of Northern Affairs and National Resources) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to repeal the Yukon Quartz Mining Act, chapter 301 of the Revised Statutes of Canada, 1952, and to make provision by means of a new act for all substantive rights relating to quartz mining in the Yukon, including the rights to stake and acquire mineral claims and leases, and to provide for certain modifications in the administration of the law.

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

Motion agreed to.

UNEMPLOYMENT INSURANCE

REPORTED INCREASE OF PERSONNEL IN LEVIS OFFICE OF COMMISSION

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): I should like to reply to a question asked last Friday by the hon. member for Quebec West, Mr. Speaker, concerning the number of employees in the office of the unemployment insurance commission at Levis. The establishment for permanent employees at this office was reduced from 30 to 28, effective November 1, 1954. Our list for casual employees provides for 23. In January, February and March, 23 were employed. In April, I believe, 22 were employed and at the moment we have 16 casual employees there. This is in accordance with the commission's policy of employing casual workers in local offices to help take care of the extra work load during the wintertime.

[Mr. Dinsdale.]

EXTERNAL AFFAIRS

REQUEST FOR STATEMENT ON SITUATION IN VIET NAM

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the fact that there are a number of Canadians in Viet Nam, some in an official capacity and some not, I wish to ask the Secretary of State for External Affairs a question regarding the present situation there. In view of the rapidly changing events, and the reports which have been coming over the radio and through the press, is the minister in a position to give us any clearer interpretation of the picture, without in any way violating the ordinary protection that would be accorded secret communications?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, there is not very much I can say about the situation in Saigon, except that it seems to be quieting down somewhat. The information we have been able to secure indicates that the Canadians who are in Saigon on official business with the international commission are all safe and well, and that we have had no report of any mishap with regard to other Canadians in Indo-China. Most of them are outside Saigon, and would not be affected by the disturbances there.

Tomorrow—I had hoped to be able to do it today—I shall be replying to the question asked me last Friday by the hon. member for Prince Albert (Mr. Diefenbaker), who is not in his seat today; and at that time I might be able to say something additional about the situation in Saigon and Indo-China generally.

CANADIAN BROADCASTING CORPORATION

REPORTED DENIAL OF RIGHT TO TRANSFER CONTROL OF STATION CKNW, NEW WESTMINSTER

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, on April 20 the hon. member for New Westminster (Mr. Hahn) asked the following question:

Will the minister tell the house why such a well known and respected firm as Southam Press company was denied the right to the transfer of the application for control of radio station CKNW New Westminster, by the Canadian Broadcasting Corporation board of governors, as announced in this morning's Montreal *Gazette*?

The answer is that pursuant to section 31A of the regulations under the Radio Act made by the Minister of Transport reference

was made to the Canadian Broadcasting Corporation for a recommendation on the application for transfer of control of the International Broadcasting Company Limited operating station CKNW New Westminster from William Rea, Jr., to the Southam Company Limited. The board of governors recommended that the application be denied since the control of the station would be held by interests already controlling broadcasting stations in Calgary and Edmonton, which would constitute extension of multiple ownership or control of stations contrary to the principle of subsection 31A (1)(d) of the regulations under the Radio Act. The recommendation has been forwarded to the Minister of Transport.

BATTLE RIVER-CAMROSE

BY-ELECTION—REQUEST FOR CONFIRMATION OF DATE

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, is the Prime Minister in a position to confirm a radio report of earlier today to the effect that the Battle River-Camrose by-election has been set for June 20?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I did not hear the radio broadcast. The recommendation was made on Friday and, since it is out, I would assume that it has received the approval of His Excellency. The date recommended for that by-election was June 20.

PUBLIC BUILDINGS

PETERBOROUGH—DISPOSITION OF OLD CUSTOMS BUILDING

On the orders of the day:

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, on Thursday last the hon. member for Peterborough (Mr. Fraser) asked if the old customs house at Peterborough had been turned over to Crown Assets Disposal Corporation. The answer is that it has not yet been, but that it will be turned over in the course of the next few days.

TRADE

EXPORTS OF LEAD, ZINC AND CRUDE OIL FROM CANADA TO UNITED STATES

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, on Friday last the hon. member for Calgary South (Mr. Nickle) asked a question regarding certain amendments that had been proposed to a bill now before the United States congress to extend the Trade Agreements Act. These included certain specific commodity amendments, which would have affected the importation of crude oil, lead and zinc into the United States. They have now been rejected by the United States Senate finance committee, when it was considering the bill.

However, the same committee has approved several other amendments of a general character which might have a bearing on commodity trade. At this stage, however, I would not wish to speculate on the effect of those amendments, if passed, since the bill to extend the Trade Agreements Act has yet to be considered by the Senate as a whole and by a joint conference of the Senate and the House of Representatives.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I know that there will be some qualified measure of satisfaction in the information which has been given by the Secretary of State for External Affairs. As he has pointed out, the effect of some of the amendments will not be appreciated fully until they can be more carefully considered.

There is a certain aspect of the problem however in regard to which I think it might be well if there were some clarification, and that is the question of arranging control over the movement of oil as a result of the relationship between companies formed in Canada and parent companies in the United States.

I have no desire to press any question which in any way unnecessarily would present difficulties in the extremely friendly dealings that we have with the United States government. Nevertheless, I think we must recognize the possible consequences of an accepted plan under which restrictions, not covered by legislative provision, would be covered by some general arrangement such as has been discussed quite openly in Washington, and to which I have referred on earlier occasions in the house.

Perhaps the Secretary of State for External Affairs would like to take this as notice and, if so, I would be pleased to have it on that basis. But I would ask the Secretary of State for External Affairs if he will consider specially a request before the government of the United States that there be clarification of the intention of that government with respect to a system which is quite openly being discussed as a system of control outside the field of legislation which has government approval.

Mr. Pearson: I might say at once that we are very much aware of the difficulties that might arise for us in Canada out of the kind

of agreed arrangement the Leader of the Opposition has mentioned; and I can add that our preoccupations on that aspect of the matter have already been made quite clear to the United States government.

Mr. Drew: And may I ask if the answer of the United States government will be communicated to the house, when it is received?

Mr. Pearson: Yes, sir.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, April 28, consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. Coldwell.

Mr. Pierre Gauthier (Portneuf): Mr. Speaker, I shall try to be as brief as possible, because I am in favour of the shortening of speeches, and in this instance I shall try to give an example to other members in that regard. I have only two or three points upon which I wish to elaborate, and which I shall place before the house so that hon. members will have something to think about.

At the outset of my remarks may I thank the government for having fixed a floor price for butter, a procedure for which I know the farmers in my constituency are most grateful. May I convey their gratitude to the Minister of Agriculture (Mr. Gardiner) and to the government in general.

Secondly, may I congratulate the Minister of Finance (Mr. Harris) upon having given to the nation the budget to which we had the pleasure of listening a short time ago. I do not think I will be taken to task by anyone, because the larger part of the population of Canada received this budget with great approval.

Now, I must say a few words on a subject which my county holds dear, and for many reasons. Eight parishes of my county of Portneuf border the north shore of the St. Lawrence river. These parishes cover a distance of about 60 miles. Nineteen other parishes complete the total of 26, divided into 34 municipalities. The approximate percentage of industrialization and farming is about 65 to 35. Therefore, you can see, Mr. Speaker, that my county is being industrialized quite rapidly. In the past nine years mines and cement industries have been successfully developed. The limestone and granite industries have been holding their own. The paper mills have been running and producing at full speed. One must not forget the production of timber, plywood and pulpwood, the former for exportation and the latter for local consumption. A survey has been made by the very active chamber of commerce of my county which ascertained the necessity and the urgency of the construction of a deep water wharf at Portneuf village on the St. Lawrence. The result of the inquiry has been conclusive; correspondence has been voluminous between the federal member for Portneuf, the chamber of commerce and the Minister of Public Works here in Ottawa.

The engineers of the department have made the necessary investigations, soundings, borings; blueprints have been prepared. The results of the inquiry made amongst the different companies operating in the county of Portneuf show the necessity and urgency of the construction of a deep water wharf on the St. Lawrence at Portneuf village. More delay would be very harmful to the industry and the economy of our district. Healthy competition is in fact necessary in a sound economy, and my people do not fear competition; they welcome it. Our people have always shown a true spirit and good initiative in business in general. They need encouragement to persist in that direction; and they are entitled to their share of the gigantic development which will follow the St. Lawrence seaway national enterprise.

My people are very anxious to see the initial works of that construction. They need that improvement; they need it badly. Industry and agriculture will greatly profit by it. I must say that the Minister of Public Works and his officials, not forgetting the hon. member for Levis (Mr. Bourget), the parliamentary assistant to the minister, have listened with benevolent ears, and have looked into the matter with care and keen interest. The taxpayers of the county are waiting patiently for the green light to give the signal. The wharf is necessary and urgent. I ask the minister to give it the necessary impetus in asking the House of Commons to vote the amount to be spent for the realization of the project, and the federal member will keep on praying.

My next point is this, Mr. Speaker. I have witnessed in this house for the past three or four years representations and remarks, more or less serious, and criticisms against the subsidy paid to farmers, especially in my province, who at the same time are maple sugar producers. We usually get this criticism from the loyal opposition, but this year the C.C.F. have been united with them in their criticism.

Mr. Knowles: No.

Mr. Gauthier (Portneuf): Oh, yes, I was in the house when the criticism was made.

Mr. Sinclair: That is the first time that the C.C.F. has been united this session.

Mr. Knowles: Name the member.

Mr. Gauthier (Portneuf): Look in *Hansard*.

Mr. Brooks: Quote from *Hansard*.

Mr. Knowles: Is he a C.C.F. member? You know he is not.

Mr. Gauthier (Portneuf): I agree that the number of maple sugar producers is rather small in other provinces compared with the very large number in my province, but my impression is that if their provincial governments had come to the rescue of the maple sugar producers in other provinces they would have enjoyed the same privileges as we enjoy in Quebec. The subsidy paid by the federal government is not due either to an outburst of temper or to political advantages, but to protect at the same time maple sugar producers in Canada and outside of Canada.

There is a provision embodied in the Food and Drugs Act of Canada to ban lead in any kind of food. To obtain that, regulations have been adopted to do away with welded tins as containers of all kinds of canned food; hooked tins are now being used. For the same reason, tea, chocolate and cigarettes are wrapped in waxed or aluminum foil; no more lead paper is used to wrap them.

The history of this subsidy to maple sugar producers is that lead was found in maple sugar products and all shipments were stopped at once, not only shipments to the United States, but all exports outside the province of Quebec. The maple sap itself does not contain lead but the oxide of lead found in maple sugar came from the buckets made with tin plate.

Intensive work has been done for months and months to find a process to eliminate the lead in maple products. The problem has been discussed with technicians at Washington, Ottawa and Quebec. Only one way was found which could prevent lead found in maple sugar products, namely, to change the sap buckets. That is what they have done with the subsidy paid by the federal government. After an extensive survey it was found that the cheapest way to counteract the lead found in maple sugar products was to use aluminum buckets. That is what they did and they asked the provincial government to pay a subsidy equal to the subsidy paid by the federal government to help my maple sugar producers to replace their sap buckets with aluminum ones. If this protection had not been given to maple sugar producers, the industry would have disappeared. I am not trying to be unreasonable in my contention, because I am being truthful in saying that out of 21 million buckets in circulation, 17,500,000 have been changed. From the information I have received from some of my friends who are deeply interested in the industry, I am positive that a subsidy of about $200,000 from the federal government and $200,000 from the provincial government of Quebec would settle the matter and all the sap buckets would be changed for aluminum buckets and the maple sugar industry producers would be satisfied and grateful to the two governments for helping them to counteract this very dangerous finding of lead in their products.

I have heard criticisms from year to year against that subsidy. After all, only $3,886,728.24 has been voted. Out of that, only $800,000 still remains to be spent. I think we are entitled to the whole subsidy, and I ask the government and the Minister of Finance to pay the subsidy for another year so that my producers in the province of Quebec will be helped to the extent they deserve. I can put tables on the record from the province of Quebec to show every hon. member that we need that subsidy. Am I permitted to place the tables on the record?

Mr. Speaker: Has the hon. member consent to place these tables on *Hansard*? He has said they are very small.

Some hon. Members: Agreed.

Mr. Gauthier (Portneuf): The tables follow:

TABLE 1—PRODUCTION AND VALUE OF MAPLE PRODUCTS IN THE PROVINCE OF QUEBEC, 1937-1954

Years	Maple sugar	Maple syrup	Total expressed as syrup	Gross farm value
	'000 lb.	'000 gal.	'000 gal.	$'000
1937	4,020	780	1,182	1,308
1938	3,212	2,354	2,675	2,910
1939	2,715	1,810	2,082	2,643
1940	3,252	2,211	2,536	3,296
1941	2,244	1,650	1,874	2,808
1942	3,538	2,272	2,626	5,098
1943	2,290	1,563	1,792	4,199
1944	2,034	2,339	2,542	7,335
1945	1,804	1,203	1,383	4,018
1946	2,448	1,638	1,883	5,444
1947	3,260	2,831	3,157	11,058
1948	2,187	1,750	1,969	6,852
1949	1,651	1,894	2,059	7,427
1950	1,692	2,273	2,442	8,445
1951	1,500	1,750	1,900	6,797
1952	2,020	2,777	2,979	10,095
1953	1,266	1,688	1,815	6,723
1954	**1,110**	**2,025**	**2,136**	**9,803**

TABLE 2—PRODUCTION AND VALUE OF MAPLE SUGAR, 1953-1954

Provinces	Production		Average farm price		Total value	
	1954	1953	**1954**	1953	**1954**	1953
	'000 lb.	'000 lb.	cents	cents	$'000	$'000
Nova Scotia	**14**	6	**56**	53	**8**	3
New Brunswick	**32**	38	**56**	47	**18**	18
Quebec	**1,110**	1,266	**44**	39	**488**	494
Ontario	**19**	14	**56**	52	**11**	7
Canada	**1,175**	1,324	**45**	39	**525**	522

TABLE 3—PRODUCTION AND VALUE OF MAPLE SYRUP, 1953-1954

Provinces	Production		Average farm price		Total value	
	1954	1953	**1954**	1953	**1954**	1953
	'000 gal.	'000 gal.	$	$	$'000	$'000
Nova Scotia	**4**	2	**4.34**	4.24	**17**	8
New Brunswick	**11**	5	**4.60**	4.85	**51**	24
Quebec	**2,025**	1,688	**4.60**	3·69	**9,315**	6,229
Ontario	**264**	121	**4.28**	4·32	**1,130**	523
Canada	**2,304**	1,816	**4.58**	3.74	**10,513**	6,784

TABLE 4—CLASSIFICATION OF THE COMMERCIAL PRODUCTION OF MAPLE SYRUP IN THE PROVINCE OF QUEBEC, 1949-1954

Classes	Years					
	1949	1950	1951	1952	1953	1954
	%	%	%	%	%	%
AA	0·2	0·7	1·5	1·6	0·9	1·2
A	9·8	16·2	22·6	25·0	14·3	25·3
B	37·1	35·0	31·0	33·8	23·1	30·6
C	51·5	24·2	20·0	21·8	30·8	18·8
D	(1)	21·4	21·8	15·0	27·7	20·4
NC (2)	3·4	2·5	3·1	2·8	3·8	3·7

(1) Included with "C".
(2) Not classificable.

I said that I would be quite brief, but I should like to deal now with a subject that has proved to be quite touchy in past years to some hon. members. I refer to the income tax paid by the farmers of Quebec. I ask those who are saying that the farmers of Quebec pay such a small amount of income taxes to realize that we have what are called family farms in Quebec whereas in Saskatchewan they have what the people of the United States used to call industrial farms. I should like to give some figures to indicate acreages of farms in the two provinces in order that hon. members may get a proper picture.

In the case of farms containing 51 to 100 acres there are in Quebec 60,452, whereas in Saskatchewan there are only 1,767. In the case of farms of 101 to 200 acres, in Quebec there are 53,067, and in Saskatchewan, 39,366. It will be noted that as the acreage increases the number of farms increases in Saskatchewan while the number decreases in the case of Quebec. In the case of farms running 201 to 299 acres, in Quebec there are 11,000, whereas in Saskatchewan there are only 3,000. In the case of farms of 300 to 479 acres, in Saskatchewan there are 43,000, whereas in Quebec there are only 5,000. In the case of farms of 480 to 639 acres, in Quebec there are only 714, whereas in Saskatchewan there are 20,165. The larger the acreage the greater the revenue and the more income tax to be paid. We have family farms in Quebec and you have industrial farms in the west.

I have one last point to raise and I am quite sure I will be criticized for doing this and told that it is none of my business. But I do intend to say a few words on a question which I believe interests every hon. member of this house, especially the medical men, as well as the general public. I refer to the use of human capital in our national game of hockey. I feel that I am entitled to speak on this matter in this budget debate because the budget refers to health.

As I said, I most likely will be told that this is none of my business, but I think this thing has gone too far. The national league schedule calls for 70 games in the season, with three, four or five games in the playoff series, which means that at the most the players do not play more than 80 games. The season starts in October and runs to about the last day of April.

However, the professional hockey league of Canada—not the N.H.L.—is still in the playoffs and there are four or five games yet to be played even though they have played already more than 70 games. I think this is too much to ask of the hearts of our athletes. I am afraid that in the long run hockey will be killed because it is too apparent that the almighty dollar has taken first position while the health of our young athletes is being ignored. I would like to get the public reaction to this situation.

I suggest that the managers and the big men of professional hockey look into this carefully. They should not ask the athletes of our country to do too much. I know there are fat cheques involved and large amounts of money; I know that with possibly few exceptions we all like to have lots of money on which to live. But when a player is exhausted, to the extent that some of these players are, the inevitable result is that he will lose control and not be responsible for

what happens. I am quite sure that if these players were not so completely exhausted many of the incidents that have occurred during the hockey season would not have occurred.

I would propose that our national game be handled in the way baseball is handled in the United States. A commissioner or judge should be appointed by the federal government or the provincial governments working in unison in order that our national game may be protected.

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): Mr. Speaker, I am happy that my first words after taking this particular seat in the chamber will be to disagree with what has been said by a Liberal member, the hon. member for Portneuf (Mr. Gauthier). I should like to refer for a moment to what he said regarding maple syrup pails. The hon. member said that he hoped the government would continue this subsidy. I must disagree with his point of view because I contend the subsidy is unwarranted; I think it is a waste of money. After all, a line has to be drawn somewhere. If we are going to supply maple syrup pails to maple sugar producers, it would be just as sensible to supply water pails to farmers, and dairy pails to milk producers. This is one instance where I hope the Minister of Finance (Mr. Harris) will refuse his co-operation.

Mr. Gauthier (Portneuf): May I ask the hon. member if he has ever heard a member from Quebec say one word against subsidies paid in any of the other nine provinces of Canada? We are always willing to help the economy of any part of Canada because we realize that if the economy of any part of the country is disturbed, the economy of the whole country is disturbed. Criticism has been levelled against this subsidy for years and I submit that that is not quite fair.

Mr. Thatcher: I do not want the hon. member to think that I am against this subsidy because it is being paid primarily in the province of Quebec. Nothing could be farther from the truth. I do not agree with subsidies of such a nature, no matter to what province they are directed.

Mr. Speaker, with the indulgence of the house, I should like to take advantage of this budget speech debate, to discuss briefly the reasons why I found it necessary a week ago to leave the C.C.F. party. May I say initially that I took that step with deep regret and only after long and intensive reflection. Over the years I have enjoyed working with C.C.F. members, and I have many personal friends in that group. I hope I shall still have them.

[Mr. Gauthier (Portneuf).]

However, as I stated a week ago, recently I have found my views on major public policy differing materially from those of my former colleagues. These differences were of such a basic nature that, in fairness to my former party as well as to myself, I felt that I had no alternative but to resign.

I came to Ottawa in 1945. I believed then, as I believe today, that my constituents did not expect me to vote contrary to my personal judgment or common sense. I do not think any party in this house, whether it be Liberal, Conservative, C.C.F. or Social Credit has all the wisdom. I do not think that any leader in this house, no matter how wise a man he may be, can avoid all error. I simply cannot see why a member should not support a sound proposal, no matter from what quarter of the chamber it may originate. This I have tried to do in the past; this I hope to do in the future, for so long as I may remain. I regret that my views in this connection frequently caused irritation and friction among my former colleagues. I suppose, however, it was inevitable.

I stated a week or so ago that my differences with the C.C.F. are fundamental. What are those differences?

In the first place I have been fearful of, and in disagreement with, what appeared to me to be a growing left wing tendency within the party. The leader of the C.C.F. and most of his colleagues, I know, have no more use for communism and its vicious methods than I have. They have publicly emphasized this fact on many occasions. Nevertheless, despite the good intentions and sincerity of most C.C.F. adherents, I personally feel that left wing elements have gained a dangerous and unwarranted recognition within the councils of the party. Here in parliament with increasing frequency, the C.C.F. party has taken a line on foreign affairs that in my opinion, no matter how honestly taken, can only give comfort to communist nations.

I cite only two examples: the recent vote in the house on the question of German rearmament, and constant C.C.F. attacks on United States foreign policy. Personally I disagree with those views. I think they fail to recognize the necessity for survival. I think they are fraught with danger for all Canadians.

In the second place, I come to the field of social welfare. I have said before—and I repeat today—that much credit for what we have achieved in the Canadian welfare field is due to the efforts and the presence of the C.C.F. party in Canadian politics. I supported those welfare measures in the past, because I thought they were desirable, necessary, and within the economic capacity of this country

to provide and finance. But if I am honest I cannot support the C.C.F. policy of demanding higher and higher benefits immediately without delay, regardless of the nation's ability to pay. As an example of such a motion, I cite the resolution which was proposed earlier this session by my former party, calling for a very substantial increase in family allowances, an increase which would have cost several hundred millions of dollars at a time when our budget already had a fairly substantial deficit.

Personally I believe that, as the productive capacity of Canada increases, or as our war expenditures decrease, it is the duty of the government to improve social welfare measures. But it seems to me that any such measure must bear a relationship to economic facts and realities. Irresponsible motions regarding social welfare measures which overlook such facts, no matter where they come from, usually tend only to arouse false hopes and bitterness. There is real danger to the nation when any political party, using the taxpayers' own money, recklessly endeavours to buy political favour by outbidding the other parties in the social benefits it will pay.

In my opinion the business of parliament is too important to be conducted like an auction sale. As I see the problem, premature welfare legislation, not founded on a sound economic basis, could actually endanger many of the reforms which we have already achieved, if a recession should set in.

Before leaving the field of social welfare, I should like to take only a moment to clarify my own position regarding old age pensions. It has been suggested that in the past I have opposed increases in the old age pensions. That is not a fact. On April 24, 1952, at page 1573 of *Hansard*, I made this statement, and I quote:

> I cannot help doubting the wisdom of paying old age pensions to Canadians who are wealthy and have no need of them.
> . . . I wonder whether it is sensible to pay old age pensions or family allowances to those with an income of $5,000 a year or more.

In other words, Mr. Speaker, I thought then, and I still think today, that the large sums of money which are presently being used to pay pensions to people who have no earthly need for them, could be better used to increase the amount which is being paid to those in very dire financial circumstances. In this view, of course, I differ again with the C.C.F., and I know I differ with most other hon. members in this house.

In the third place, I have viewed with concern the C.C.F. attitude towards economy in government expenditure. I may say that at times, too, I have viewed with concern the attitude of the government itself. Since coming to parliament I have consistently advocated lower tax levels, particularly for those in the lower income groups. In order to bring about those tax reductions, I have urged the government to try to eliminate unnecessary expenditures, especially those which appeared to me to be wasteful or extravagant. In a similar manner I have criticized certain subsidies as being ill-advised. A good example is the one mentioned by the hon. member for Portneuf (Mr. Gauthier) a few moments ago. As I see it, a dollar saved by the government means a dollar less which must be collected from the taxpayer. To most of my efforts in that field I felt, rightly or wrongly, most of my colleagues were not only apathetic but in many cases actually hostile.

In the fourth place, I believe that the C.C.F. attitude toward corporation taxation is unrealistic. I oppose their views that such taxes should be increased materially at this time. I certainly believe that corporations in Canada should bear their fair share of the nation's tax burden, but there is a point of diminishing returns. As I see it, no Canadian is helped when the taxation level on Canadian business and industry is increased to a point where modernization and expansion is retarded or discouraged. Such a policy could jeopardize the ability of our factories to compete in domestic and international markets. But what is even more important, it could endanger the creation of new jobs at a time when our population is increasing rapidly. I am absolutely convinced that excessive taxation in normal times on Canadian business and industry, as advocated by my former colleagues, will cause lost markets, fewer jobs, and in the end threaten the very purpose for which it is advocated, the social welfare of our people.

In the fifth place, I must admit that in recent years I have come to doubt whether the socialization of key industries is the answer to Canadian problems. That does not mean to say that I am opposed to all social enterprise. However, Britain's experience in socializing the coal mines and railways was discouraging. Moreover, the socialized industries recently established in the province of Saskatchewan have been, to say the least, not very satisfactory. For one reason or another it looks as though every time the government runs a business it has additional difficulty in doing so efficiently.

To further illustrate this point, I ask hon. members to look at agriculture. The contrast between the productivity of Canadian agriculture and that of the Soviet union is surely startling. We in Canada have had our farm

difficulties, but those difficulties have been induced primarily because we have produced too much, as compared to what we could sell. But in Russia the collective farm system, after a quarter of a century, is still failing to supply sufficient food and raw material for the country, and the recent political crisis in Russia was engendered by that fact. From that fact I can only conclude that dogmatic socialism, with its co-partner bureaucracy, hinders rather than helps in improving the standard of living of the farmers.

As I have also stated previously in this house, I cannot agree with the C.C.F. proposal to nationalize the banks. Control, in the national interest, over the banking institutions of the nation can be adequately exercised under existing authority vested in the Bank of Canada. I would remind C.C.F. supporters that even the British Labour party many years ago discarded this plank as impractical.

I think hon. members, including even my former colleagues, would agree that our differences then are fundamental. There is a saying that men's opinions change with experience. I admit quite frankly that my views have altered substantially as I have studied the Canadian economy. Under these circumstances I would rather leave public life than have to pretend agreement or to hide frustration. For the remainder of the present parliament, as I stated a week ago, I propose to sit as an independent member. I shall not apply for membership in any other political party. I shall, however, continue to support those measures and proposals which I think are in the interests of my constituents, no matter from what quarter they are advanced. In the next election I shall be a candidate again only if there is a genuine and widespread belief among my constituents that I am needed to serve their interests.

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, before dealing with the subject that I wish to discuss today, I should like to say to our colleague the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) that, like others in this house, I have listened with a great deal of interest to his statement today. I want to say to him that I have great admiration for the course he has followed, for the firm beliefs he holds, for the way he expresses them and for his willingness to make sacrifices in order to further his firm beliefs.

Mr. Speaker, my subject today is primarily the features of the new budget as they affect one of western Canada's important industries, namely the oil and gas industry. At the outset I might say that I have been disturbed in recent years, and particularly in recent months, by two trends which I think should also be disturbing Canada as a whole. The first trend that has been noticeable is the decline in Canadian participation in the development of western Canada's oil and gas, a decline that has been offset by an increasing participation by foreign capital in the development of this Canadian resource. A second trend which has become noticeable is the increase of Canadian investment in oil and gas development in the United States. As a Canadian I believe that to the greatest extent possible Canadian capital and Canadian investors should take part in the development of their own resources and that to the greatest extent possible those resources should be under Canadian control. These trends of a decline in our Canadian investment in Canadian resource development and an increase in Canadian investment in resource development outside of Canada are disturbing trends indeed.

Mr. Speaker, there are a number of reasons why those two trends should exist. They have to do with various factors which go into making the word "incentive", including the problem of marketing, the problem of price and so forth. But among these various factors which make up incentive is one that might be called Canada's taxation policy. I should therefore like to say that my main comments today will be by way of suggestions for modifying Canadian tax laws in order to raise Canadian capital sources to an equal competitive level with United States capital for exploration and development of western Canadian oil and gas resources. The things I have to say I think will apply equally to other types of natural resource development throughout our country.

It is a sad fact that Canadian oil companies and investors in them are still, under Canadian tax policy, required to compete on unequal terms with United States companies for the acquisition and the development of our western Canadian oil and gas resources. This is not the fault of the United States government nor of the United States companies which are investing in western Canada, unless we are prepared to condemn our southern neighbour government for allowing United States firms, on their foreign programs, the same depletion allowance and other taxation features developed over many years to stimulate and to maintain a high level of exploration and development within the United States, and also unless we are prepared to condemn United States firms for accepting the depletion and other tax features authorized by their government as applying to their foreign operations. But before doing any damning of the United States government or the oil companies, we might remember that United States policy has had and

still has a great deal to do with the large flow of United States capital that has contributed so much to the western Canadian development of the past eight years. I do not think that any sound-thinking Canadian would want to curb that capital flow from the United States.

The best way in which to put Canadians on an equal competitive basis with Americans in Canadian oil development is to amend Canadian taxation policy, particularly as to depletion allowance, in order to bring it more in line with what has been established as sound business in our southern neighbour nation.

Mr. Speaker, I am not trying to be politically partisan in this matter because I happen to sit in parliament as a member of the opposition party. I am well aware of the fact that oil and gas is a comparatively new "big industry" in Canada and that this government in many ways has been sympathetic to and has encouraged growth of the industry. Some of its policies on oil and gas, just like some of the views expressed by those on opposition benches, reflect a perhaps natural unawareness of all the aspects of a new great industry. Tax policy, for example, has been developing through the years by "trial and error" methods, gradually being modified as the government's knowledge of the industry's problems increases. My objective now is simply to try to speed up the modification process.

Let us now briefly look at the modifications to oil industry taxation policy set out on April 5 by the Minister of Finance (Mr. Harris). Then we shall consider the even more vital modifications which are still in the "hoped-for" stage.

The most important modification in the new budget is elimination of the time limit—which was the end of 1957—in the allowable deductions from income for expenses of exploring or drilling for oil or gas in Canada, or for searching for other minerals in Canada. The write-off of exploration and development costs, within the limits defined in the Income Tax Act, will thus become what might be termed a permanent feature of the tax laws, eliminating the annual review and yearly extension of the item by parliament, something which has been the policy for several years. As the Minister of Finance said in his budget message, the past procedure "carried with it some uncertainty for the future", and since the "special tax provisions have clearly established their value in promoting expansion", he proposes to make them a permanent part of our law. With that course I fully agree.

By no stretch of the imagination is the right to deduct as an expense exploration and development costs a subsidy or a tax concession, in the sense that this right has occasionally been described. This expense quite properly should be regarded in the same way in which we all regard the normal operating expenses of normal businesses. Costs of exploring and development are as much a normal expense of an oil company, if it wants to get into or to stay in business, as are the costs of advertising to a merchant, the costs of a plant to a manufacturer, the costs of seeding and harvesting to a farmer, and all the other costs which must be taken into account by anyone in any kind of business if he hopes to make a success of it.

What the Canadian government is now accepting on a permanent rather than temporary basis is what the United States government has long accepted, namely that exploration and development costs are normal expenses undertaken by the companies concerned in an effort to find and to develop new revenues, in which the government tax collector will share as soon as costs have been recovered.

Of course, there is no assurance that exploration spendings will bring discoveries and profit making production. If they do not the losers are the companies who have footed the bill. This fact, of course, is evident to a great many thousands of Canadians who have taken a gamble in oil, gas or mining and found their investment loss as a result of lack of success accompanying their operations. Many of the companies, both Canadian and foreign, who are carrying out Canadian exploration have yet to make discoveries adequate to pull them out of the red. Many others have made discoveries that will assure an ultimate profit, both for themselves and for the government. Many, many more discoveries will undoubtedly be made in Canada if the economic climate is favourable. In fact, however, the Canadian government has already been assured by the discoveries to date of many hundreds of millions of dollars of additional tax revenue in the years ahead as discoveries advance from the return of capital stage to the stage of paying profit. The Canadian government, and this is important, will draw some share of the profits whether the discovering and producing companies are Canadian or foreign.

Since American companies play such a major role in Canadian resources development, Mr. Speaker, it might be well to look briefly at how United States and Canadian tax policies function in relation to them. Some United States companies operate here as a division of the United States parent; others

operate through Canadian subsidiary companies. A United States company doing business in Canada may include its Canadian exploration and development expenditures in its parent company's consolidated United States tax return, deducting these expenditures from its United States income. When and if it develops Canadian income, that income will go into its consolidated tax returns. For Canadian tax purposes the expenditures may be carried forward and charged off against future income in Canada, when and if it is obtained. In order to invoice international double taxation in profit years, tax payments made in Canada may be used as a credit against the United States tax liability. In effect, the United States income foots the bills for United States companies' explorations and pays any losses if adequate Canadian income is not obtained. If sufficient Canadian income to leave a profit after recovering of exploration costs is obtained, the profit is shared with the Canadian government.

Now, the second method of operation of United States companies in Canada is through Canadian incorporations as subsidiaries to the parents. In the case of Canadian subsidiary companies, of course, they pay taxes in Canada after the write-off of prior years' expenditures, the same as for a United States subsidiary. The United States taxes at current rates would be paid on dividends transferred to the United States parent company.

In his new budget the Minister of Finance (Mr. Harris) announced the end of the deep-test well special deduction. This will terminate next December 31. This measure was adopted several years ago specifically to encourage drilling of deep exploratory wells, that is wells over 7,000 feet deep and costing at least $150,000 each, in areas where the dominion geological survey believed significant and valuable geological data could be gained. Only individual wells specifically approved in advance by government authorities qualified for this concession. In fact, only about 1 per cent of the exploratory wells have been approved for this concession, and the cost to the Canadian treasury has amounted to only about one-third of 1 per cent of the total amounts invested by the oil industry in exploration in western Canada during the years this special deep-test deduction has been in effect. The deep-test well provision permitted deduction from income tax payable of 35 per cent of the drilling costs of exploratory wells qualified in advance by the government. It applied only if the wells were failures, that is dry holes.

If production were found, the tax concession no longer applied. The concession, Mr. Speaker, has been useful to Canada in encouraging drilling and obtaining of valuable geological knowledge in the deeper areas of our west. Because of its very limited application, however, in the over-all western oil development the ending of the concessions will not have very much material effect. The passing of it, therefore, is not too much regretted by those who are providing for the development of our west.

A new amendment to the Income Tax Act proposed by the Minister of Finance will permit oil or mining companies to deduct expenditures on either oil or mining exploration in cases where the expenditures were incurred otherwise than on the company's own account, in consideration for shares or an option or right to purchase shares of a corporation on whose account the expenditures were incurred. This would have application where a company participates in the exploration of mining or oil properties with others, through the medium of a corporation set up specifically to hold those properties and to explore them.

This amendment does not apply to oil company mergers and amalgamations, of which there has been a number in recent years. There still does not appear to be any provision made or contemplated in the statutes whereby such mergers can be carried out without the successor company losing the benefits of the expenditures for drilling and exploration costs to which its predecessor or predecessors would have been entitled.

This problem is a serious one, especially for shareholders of the smaller Canadian oil companies and mining companies which have, in recent years, been merged with others or which may have to be consolidated in the future in order to survive. The reasons for mergers are usually the conventional ones such as economy in operation, reduction in overhead, consolidation of properties, provision of additional finances, and of course the major one, the fight for survival. Practically all such companies have incurred expenditures for exploration in excess of their income in the expectation of the application of such expenditures against future taxable income. The right to charge off those accumulated losses against hoped for future income is not extended, under present tax policy, to a successor company. If for no other reason than that the policy discriminates against the thousands of small Canadian investors in smaller Canadian oil and mining companies, I trust that the government will not delay too much longer in amending the Income Tax Act to permit carrying over into company consolidations and mergers the right to write off qualified exploration expenditures.

Let us consider now depletion allowances which, as now constituted in Canada, place the Canadian company at a competitive disadvantage with the United States companies in the acquisition of and development of Canadian oil and gas resources. While it is vitally important that we have a continued large inflow of foreign capital, particularly United States investment, it is at least equally important that the maximum possible Canadian investment and equity be maintained in our own resources. Revision of present depletion allowance policy would go a long way towards increasing the Canadian stake in our western resources, by offering Canadians greater encouragement to invest in competition with people from the United States in this resource development.

There is another very serious aspect of the present depletion allowance policy. It encourages Canadian companies to rest on their laurels, draw production from current wells, and curtail exploration. This is so simply because depletion allowance for the Canadian company does not apply until after all the exploration and development costs have been recovered, and the company is in a profit position. In contrast, under United States tax law, the United States company is permitted deductions of depletion from gross income prior to the recovery of exploration and development costs, whether the costs were incurred in the United States, Canada or elsewhere.

Depletion allowances are basically a recognition that a well or mine producing oil, gas, coal or any other mineral is a wasting asset strictly limited as to the ultimate production it can yield. The owner, in order to stay permanently in business, must continuously explore to replace with new wells or mines the reserves that are produced. In principle, depletion allowances provide natural resource production industries with a lower rate of taxation than applies to industries which do not have the same problem of replacing by exploration the products they produce. Depletion, of course, does not apply to what might be termed the normal business phases of such an industry as oil. In other words, profits from refining and marketing are taxed at the full corporate tax rate without benefit of depletion allowance.

Under present Canadian policy, operators of oil and gas wells are entitled to depletion allowance of 33⅓ per cent of the net profits, if any, remaining after all costs of exploration and development have been recovered. Because the huge expenditures in recent years have far exceeded gross production income, only about one-tenth of the Canadian companies engaged in exploration are in the position of having net production income against which to apply depletion allowance. The actual benefit of depletion allowance to date has been only about 1 per cent of the spendings made to replace and increase proved reserves. The purpose of the depletion provisions therefore has been largely defeated.

Under present regulations, a Canadian company could discover an oil or gas pool and, if it were carrying on an active exploration program, could produce all the oil or gas from that pool and receive very little, if any, depletion allowance. On the other hand, if the company reduced or halted exploration, it could derive a very substantial depletion allowance and ultimate profit from the operation of the pool. Thus there is a penalty on the company willing to continue large-scale exploration, and that is certainly an undesirable state in a nation whose future depends in no small measure upon the continued risking of large amounts of capital on natural resource exploration and development.

In contrast to the limited application of depletion to the Canadian companies who pay out a large part of exploration and development costs in our west, there is under present tax policy a depletion allowance of 25 per cent of gross income extended to recipients of gross and net royalty interests in Canadian oil and gas wells; in other words to those who do not bear the major burden of exploration and development costs.

Might I say, in passing, that I own a small company which, for some years, has been engaged in the development of oil and gas—unsuccessfully, I might say, until a couple of years ago. My company acquired gross royalties in a certain area of Alberta which became productive. That little company is no longer carrying out any exploration—at least, not at the moment. It is drawing a fair amount of revenue, and is enjoying 25 per cent gross depletion allowance because its producing assets are gross royalties. On the other hand, many other companies which are doing far more than my little company toward exploring and developing new resources in Canada find themselves in a position where they are not enjoying the benefits of the gross depletion allowance which, as owner, I enjoy.

I have previously urged, and will continue to urge, in the House of Commons that the government amend its present depletion allowance regulations to provide that the present allowance of 25 per cent of gross production income now permitted royalty owners be extended also to those who provide the costs

of exploration and development, in place of the current allowance of 33⅓ per cent of any ultimate net profits.

Such a step would go a long way towards providing the continuing incentive for Canadian capital to maintain a large-scale exploration program in Canada, and would in addition put the Canadian in a nearer-to-equal position with his friendly and essential competitor, the American, in the drive to develop Canadian resources to the full. Under American law, United States companies have a depletion choice of the more beneficial to them of two methods: (1) 27½ per cent of gross production income; or (2) 50 per cent of net income.

Scores of thousands of Canadians who, as investors in Canadian oils, gas and mining, are helping develop our western resources, could help themselves and the nation by adding their voices to those of the Canadian Petroleum Association and the numerous independent Canadian oil companies who have been urging the government for some time to bring its depletion policy closer in line with that of the United States, in order that the development of Canadian natural resources may be, to a greater extent than it is today, the development of Canadian resources, largely by Canadians for the benefit of Canada.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, in entering this debate I do so with the idea in mind that our budget is something more than merely the accounts of our public housekeeping. Sometimes one does see some rather shaky analogies drawn between the public accounts of Canada and the account books of private concerns. This very often misleads those who seek to find their way through the mazes of the budget.

I think we have to remember that one of the most important features of the budget is that it contains the government's proposals, not merely for the collecting of revenues and the disbursement of funds in the public administration, but also the government's proposals in the way of leading our economy in the direction in which, in the public interest, it considers it should go. And it is on that basis I wish to discuss the budget this afternoon.

First of all, I think we have to decide in what direction it has been going of late; and to that end I think we should direct our attention to its effect on the Canadian citizen. Because, after all, like the Sabbath, our economy was made for man, not man for the economy. And the only yardstick by which really we can measure its effectiveness and the effectiveness of the policies of those who conduct it, is to establish in our minds quite clearly the effect on the members of our society. To that end I wish for a few moments to deal with some figures produced quite recently by the dominion bureau of statistics in its labour force survey. One particular figure interested me very much, and that was the figure showing the number of people who, at March 31 this year, had been looking for work unsuccessfully for seven months or more. The figure given was 45,000. We may ask, in a work force of 4,500,000, what is 45,000? But those 45,000 are human beings, men and women who have been looking for work for seven months or more.

I wonder how many members in this chamber have any conception of what it would be like to look unsuccessfully for work for seven months or more—to have started last year in the heat of August, to have carried on through the fall and winter and into the spring, and to have remained unsuccessful. I wonder how many members realize the terrible process of deterioration that takes place in a man's morale under those circumstances, the dreadful doubts which begin to arise as to whether or not he has the capacity to find a job, or to hold it if he does find it, and finally the relapse into despair and indifference, and resignation to being maintained on a reluctant charity, either public or private?

Among those 45,000 I wonder how many could have been found a year earlier among the 22,000 who, at the end of March, 1954, had been looking for work unsuccessfully for seven months or more. And were any of them, do you suppose, to be found among the 11,000 who, at the end of March, 1953, had been looking unsuccessfully for work for seven months or more?

Those are the figures that interested me in the D.B.S. figures of the labour force survey just issued, and which is revealed in reference paper No. 58 which was produced not long ago, being a recapitulation and revision of all the statistics relating to our labour force from the year 1945 to 1955.

You find that in those years the number of those who have been looking for work for seven months or more has doubled each year since 1953, and as it has advanced by geometrical progression has had a very disturbing and frightening effect, perhaps more significant of economic malaise than the total figures of unemployment. Who are they? Who are those people who have been thrown out? One can only guess, of course, but my guess would be that we shall find among them those who are a little too old, a little too unskilled and a little too unintelligent.

Those are the ones who are thrown out whenever the necessities of industry force cutting of costs. I think there has been evidence, in this doubling each year of this number, that industry is raising its sights in this regard and is demanding higher and higher standards of vigour, of skill and of intelligence. That economic necessity, of course, is to be found in the market situation to which the minister referred in his budget speech at page 2729 of *Hansard,* when he had this to say:

> No appraisal of the economic situation could avoid some reference to the revival of international competition. So far as the basic industries are concerned, most of our producers have proved quite capable of maintaining and even increasing their markets at home and abroad. However, some of the secondary manufacturing industries have lost ground in export and domestic markets to their competitors. I mention this to illustrate the point that the difficulties which some industries are facing today are not the result of any general decline of demand, but of a new situation applicable to the industries concerned and in large measure capable of correction by those industries. Clearly these are situations which cannot be corrected by government. What is needed is resourceful efforts by management and labour to meet that competition by reduction in real costs and the improvement of quality and efficiency, all of which I firmly believe Canadian management and labour can provide.

What does that mean? Just what does the minister imply? Presumably, these 45,000, twice as many as last year, which was again twice as many as the year before, who are more or less—I think we can say this fairly safely—permanently unemployed, is the first step in that process that the minister is advocating for industry so that it can meet the rising tide of international competition.

Does his suggestion imply that we have to lower wages, perhaps, or have less workers or increased productivity per man, or all three? I suggest, Mr. Speaker, that it is not good enough merely to say that industry has to rationalize its efforts in order to capture and recapture lost markets. We also must have some consideration for the effect of such policies on our economy and society as a whole. While I quite agree that the efficiency of industry must be maintained and increased, we must at the same time all bear in mind just what is happening to those who are the victims of that process. We have been told time and again ad nauseam that our present type of economy, our present method of producing and distributing goods, is the best one and it will work. I have always taken that to mean that an economy that works provides continuously for the needs and necessities of all the members of society in that economic unit. And here we have a group that our economy is not doing that for. And therefore it seems to me that those who are the advocates of things being unchanged, of leaving its economic foundation as it always has been, have now to think of how it can be made to work.

I suggest, Mr. Speaker, that it is not good enough merely to call for economics in public administration, economy and rationalization of industrial production and distribution. It is also necessary to embark on some new thinking in regard to the needs of our people. I remember that during the earlier part of the debate one of the hon. members of the official opposition suggested that the time had now arrived when the government should consider the adoption of a policy of deficit financing. I myself am not always prepared to support the idea that Keynesian economics is the solution to our problems. I do think, however, at this juncture that perhaps the late Lord Keynes had something which could be at least of stop-gap value to us. And in order that we may judge of the possible efficacy of Keynesian economics with consequent deficit financing, it might be well to rehearse here the debt reduction that has taken place since the end of the war, up until 1953, because there is one thing that we should bear in mind, namely, that deficit financing, per se, is neither good nor bad, neither dangerous nor safe. It depends entirely on the relationship which the resulting national debt plays in ratio to our national income. I have those figures. I would like to put on the record the reduction of the national debt which has taken place since the end of the war owing to surplus budgeting that was engaged in by the government during those years.

Up to the end of the year ended March, 1947, the national debt was reduced by $373,600,000; the following year, the year ended March, 1948, it was reduced by $676,119,000; the following year, 1949, by $595,502,000; 1950, by $131,520,000; 1951, by $211,294,000; 1952, by $248,033,000; and by March, 1953, by some $23,500,000. The total reduction during that period, Mr. Speaker, was $2,259,000,000. These figures are taken from the Canada Year Book, our dominion bureau of statistics figures. At the same time that our national debt was being reduced in this fairly substantial way, our national income was steadily increasing. But during the same period that the net debt declined by $2,500,000,000 the national income increased by some $9,225,000,000. Interest rates have also been falling since that time, since September, 1953, as a matter of fact, and the minister reported in his speech a week or so ago that there had been a similar decline since 1954.

The question that is always raised when one suggests the possibility of deficit financing is the possible danger of inflation. Admittedly, at a period and in a situation where all our productive factors are engaged, where we have no unemployment and where industrial plant is producing at full or nearly full capacity, then of course any measure of deficit financing will result in inflation; but when we are in a position, as we are today, where a considerable body of our labour force is unemployed, when much of industry is producing either at a curtailed rate of production or closed down altogether, then the problem of inflation does not arise. I think we may take it for granted, Mr. Speaker, that we can at least engage in deficit financing to the degree necessary to engage again all the working population and to engage again all our productive plants.

Again I want to put on the record suggestions for the employment of the funds raised by deficit financing.

One is the obvious one of the growing need of public works throughout Canada. We have had repeated demands from various quarters in this house for such projects as the South Saskatchewan river dam which apparently cannot be gone on with because we cannot afford it. There is a great need for the fruits of deficit financing, but perhaps more important than the field of public works as such is the field of the production of capital goods for those parts of the world which are now repeatedly demanding them. In this group we have repeatedly urged that our contribution in this field should be stepped up immensely, and in the light of our present and dangerous situation in this country I think the time is certainly ripe for a rapid increase in our contributions to southeast Asia in the way of capital goods, to be accomplished by the placing of substantial orders for agricultural machinery and machinery of all sorts required by those countries.

This could be done either by way of gift or by way of loan contracts with these nations. I suggest that we would be on sounder ground if we stayed fairly well within the confines of making gifts such as we can afford to these countries. The history of loans under these circumstances has not been too happy and possibly the result of lending capital goods instead of giving them might be merely to cause irritation in international relationships.

At the present time the government is pursuing a policy opposite to the one I have suggested. It has been following a policy, which has been intensified this year by the present minister, of attempting to leave in the hands of Canadian citizens incomes large enough to encourage them to invest in Canadian production. One can hear the argument every day; one hears it repeatedly in this house that the people are being taxed so heavily they are not able to purchase enough goods to keep up consumer production and that on the other hand they have no surplus left over for investment in the expansion of production.

I would point out that we have no guarantee whatever that the funds left in the hands of Canadian citizens will in actual fact be invested in the expansion of our productive enterprises. The history of recent years indicates that that is rather a vain hope. It is a vain hope because of the failure of Canadian investors to invest on a large scale in new enterprises in Canada and also because of the fact that so much of our development process in Canada is now in the hands of subsidiaries of foreign companies which do not afford an opportunity for Canadian investment.

Many of the companies operating in Canada as subsidiaries of United States companies do not call for Canadian funds and Canadian investment. The opportunity is not there. In addition we have seen a growing tendency in recent years to invest in investment trusts where the goal has been a modest return with absolute safety. The old days of the pioneer investor with risk capital seem to have vanished; we do not seem to have any of that any more.

I feel that unless the government is going to plan for deficit financing we shall have no practical realizable results from it. We shall wind up with serious budgetary deficits for which we have nothing to show. We have the first one this year, the $194 million which is predicted by the minister as a deficit and for which there will be little if anything to show.

We shall go on doing what governments did during the thirties when they had continuous deficit financing with nothing to show for it. I suggest that if we are going to follow the policy outlined by the Prime Minister (Mr. St. Laurent) in this house, a policy confined solely to the relief of the unemployed, we shall incur all the ills of deficit financing and have none of the offsetting benefits which could be obtained by the conscious adoption of Keynesian economics for the time being.

As it is, we have the minister's statement that he expects a deficit of $194 million this year, and this can be nothing more than a morose prediction that we are not going to have enough money coming in with which to pay our bills. There has been no deliberate and conscious planning for the sort of deficit

financing which might well be calculated to pull us out of our present and growing condition of economic decline.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I think enough has been said in this debate already to indicate to the minister that his first budget has failed to meet with the full approval of the Canadian people.

Mr. Harris: Enough has been said, period.

Mr. Patterson: I would not quite agree with that.

Mr. Knowles: The minister did not say enough.

Mr. Patterson: Of course the minister may argue that no matter what kind of budget he brought down, the members of the opposition would still be dissatisfied or perhaps unsatisfied, and perhaps that is true. However, I venture the suggestion that, with a little more imagination and optimism, the minister could have done a great deal toward eliminating many of the features which are so unsatisfactory and which present themselves as splendid targets for the opposition guns.

Although wide latitude is permitted in the budget debate, my observations will be limited to the consideration of several matters of vital concern to the people of Canada. I have been trying to figure out in my own mind just why the budget is so interesting to a great many people. I suppose it is that they live in hope, and they say that hope springs eternal in the human breast. They are looking forward to the possibility of the minister's finding some way to reduce taxes without altogether upsetting the economy of the nation. As we consider the budget before us we find that little has happened to bring much relief to the individuals in our nation who need some help at this time.

Shortly after the present minister assumed the portfolio he expressed the view that taxes in Canada were pretty high. I have a newspaper clipping which reads:

> Finance Minister Harris said Tuesday night he has made an initial examination of Canada's tax rates and has found them "pretty high". He described the personal income tax as "severe".

Then a little later:

> But what amazed him most was that Canadians allow the federal and other governments to "take away" from them nearly one-third of their incomes.

I suppose looking at it from the broad point of view they can do something about it, and I venture to suggest that perhaps in the near future they will. However, be that as it may, as we consider the budget before us we find that the Minister of Finance (Mr. Harris) has not done anything to suggest that he was too much in earnest when he made that assertion, or if he was in earnest at that time he apparently ran up against obstacles which he did not anticipate, and had to be satisfied with less than what he was considering initially.

One matter to which the minister referred in the budget was the 5 per cent reduction in excise tax on automobiles. On page 2739 of *Hansard* we find these words:

> In the case of automobiles, however, I think the rate should now be brought down to 10 per cent. Effective tomorrow, therefore, the rate of excise tax on automobiles will be reduced by 5 percentage points.

Now that is very acceptable, but it certainly is far from being satisfactory. An article appearing in the Ottawa *Journal* of March 5, 1954, had this to say with respect to the high excise tax on automobiles:

> Who paid most of this tax—$161 million?

That was in 1953.

> Not the buyers of Cadillacs and Lincolns; the luxury buyers. More than 60 per cent of all automobiles in Canada last year were owned by people earning less than $3,000. And of the other 40 per cent or less, many of their owners were earning only slightly more than $3,000.
>
> In no sense are Canadian taxes on automobiles luxury taxes, such as Britain's purchase taxes.
>
> And these hidden taxes, bearing down most heavily on people of moderate means, are not merely on automobiles; they are on a whole line of necessities.

We notice as we consider the budget that, as I have already said, there is a 5 per cent reduction, but that is not sufficient in this day when automobiles occupy the place they do in our economy, transporting workers to their places of employment and providing services in so many necessary ways. We would suggest that the minister continue to look upon taxes as being pretty high, and certainly taxes on automobiles, and that before he brings down his next budget we hope he will see his way clear, not only to reduce that tax but to eliminate it altogether on these necessary vehicles for our present economy.

As I have said, the minister's pronouncement is welcome but it is certainly not in actuality an indication of a very magnanimous spirit. This failure to ease the tax burden in the lower income bracket is more or less evident throughout the entire budget. While on the subject of automobile tax, let me say that I support the views that have been expressed very clearly by my leader, the hon. member for Peace River (Mr. Low), and the views of all those who have referred to the failure of the minister to provide for refund of taxes on automobiles presently in

stock. The dealers' position, I think, should be recognized and some consideration given to this particular matter.

There is another subject to which I should like to refer at this time, one that does not find its place anywhere in the budget, nor did it last year. I am not sure when it last found its way in. But it has to do with donations to charitable, religious and educational organizations. At the present time 10 per cent of the income is deductible for contributions to charitable, religious and educational organizations. I think there are specific reasons why this percentage should be raised. I have an article from the Pasadena *Star-News* of Saturday, December 6, 1952, which has this to say:

> Washington, D.C. Taxpayers are being reminded by the U.S. bureau of internal revenue that they can give up to 20 per cent of their 1952 gross income to religious, charitable, or educational institutions and deduct it from their income in computing the federal tax due on March 15.
>
> The bureau's 1952 edition of instructions to income taxpayers calls attention to the fact that congress has raised the previous limitation on charitable contributions from 15 per cent to 20 per cent.

In this connection I should like to say also that I understand the United States has made a further increase and is now allowing taxpayers a deduction of 30 per cent on contributions to religious, educational and charitable organizations.

Mr. Harris: Is there not a ceiling on that?

Mr. Patterson: Not according to the account that I saw, Mr. Minister, but I would not be positive. I think that some consideration should be given to this matter. Certainly, if that reduction is allowed in the nation to the south, I think the minister could give some consideration to it and possibly bring in something along the same line.

There is another reason why I believe some consideration should be given to this particular subject. Considerable pressure is being exerted for wider regulations respecting raffles and lotteries. I am not going to go into a discussion of raffles and lotteries, as I imagine we will have that at some time in the future. However, I think I can say that I am opposed to the principle of lotteries and raffles being used to finance charitable, religious and educational institutions. I think it is a method that tends to undermine that admirable quality of open-hearted giving and reacts unfavourably upon our social conscience.

I would suggest that an increase in the amount of deductions allowed in this particular regard would encourage voluntary contributions for these purposes. I think this matter should be given careful consideration. We would appreciate it if the minister would take it to heart and mind and bring in something along those lines in the very near future.

I would just like to make reference to the subject of succession duties. In the budget that was brought down in 1954, the last budget of the present minister's predecessor, he referred to the succession duties. He said, and I quote from page 3734 of *Hansard* of April 6, 1954:

> The Excise Tax Act has been streamlined, simplified and made more systematic. Up until now I have not been able to devote enough time to a similar improvement in succession duties. However, I have recently asked officials of the three departments concerned—finance, national revenue and justice—to commence work on rewriting the law.
>
> In the next few months, while the redrafting is proceeding, the views of informed and interested persons or groups of persons, would be welcomed on any provision in the law which deserves reconsideration. In the meantime no change will be made in the present law.

As we turn to the budget speech which was given on April 5, 1955, on page 2738, we find our present Minister of Finance has this to say:

> Now just a word about succession duties. The budget speech of last year indicated the intention of the government to undertake a complete revision of the act and invited representations regarding it. Useful briefs and comments have been received and the work of drafting and shaping a new structure is under way. The task has proved to be somewhat more difficult and time-consuming than was anticipated. The new bill will not be ready for introduction at the present session, but I hope it will be ready next year. In the meantime the present law will stand unchanged.

I think the minister was very frank in making that statement. At least he intimated that studies were progressing and he still had this under advisement. We certainly hope, as he says he hopes, that at least by the next session something will be brought in along these lines.

One request that has been advanced—and I think it is justified—is that a $50,000 deduction be allowed in the computation of succession duties. If I understand aright the law as it stands, an estate of $50,000 is tax free but if it is $51,000 that fact brings it into the realm where the entire estate is taxable. I believe that is right. I believe the minister indicated that to be the situation. I would venture to suggest that $1, $100 or $1,000 should not make that much difference. It would seem to me that the request that has been made by certain organizations is a fair one, namely that a $50,000 true deduction be allowed on all estates. As the minister gives this matter consideration, I trust that he will take that suggestion and incorporate it in any legislation that is introduced in the future.

There is one other matter I wish to call to the attention of the house at this time. It has to do with old age pensions. Although this subject received considerable attention last session, comparatively little has been said about it during the present session. However, I think it remains as one of the matters of urgent concern to a group of citizens who are certainly deserving of our consideration. It has been pointed out on other occasions that the pensions our senior citizens are receiving are just about equal to 50 per cent of their dollar value in 1939. Certainly the time has come, in my opinion, when something definite should be done to bring further assistance to these people who are in dire need.

According to the last annual report of the Department of National Health and Welfare, under the caption of old age assistance, we find that there are 93,273 recipients of old age assistance. The federal share for the fiscal year was in the neighbourhood of $20 million. We in British Columbia are much concerned about this matter because we have a higher percentage of old age pensioners or senior citizens in our particular province. Hence we are vitally concerned about this particular situation. In this group we have 8,144 who are receiving old age assistance. Then as to old age security, British Columbia stands third with a total of 79,464 recipients.

When we combine those figures, we find that the combined total of recipients under those two categories stands at 808,672. I realize that that number constitutes a considerable proportion of our population. May I again suggest that it is an extremely deserving part of our population. I would suggest that something further be done with respect to giving assistance to these people.

At the present time the allowance is $480 a year except in Newfoundland where it is $360. The permissive ceiling is $720 for a single recipient, $1,200 for a married recipient and $1,320 for a recipient with a blind spouse. We realize that in some of the provinces additional assistance is given to our senior citizens. In British Columbia and in Alberta a supplementary payment of $15 per month is given. In Saskatchewan I understand they have been giving $2.50 but that there has been an upward revision for some of the recipients of old age assistance.

Mr. Castleden: Up to $20 for some.

Mr. Patterson: It is not necessary for me to picture again the circumstances under which many of the recipients of these allowances are living. We are all fully aware of the position in which they find themselves. I believe that public opinion is going to—if I may use the word—force the government to take some action. It is time that action was taken. In fact, it is long overdue. I think public opinion is going to come to the place where it is going to force the government to do something about this matter of raising the allowances of those who are recipients of old age pensions.

There is one other matter to which I wish to refer in this connection. I believe that the government should give consideration to lengthening the period of stay permitted outside of Canada. I do not think it is fair to these senior citizens to be obliged to lose their pensions if they reside outside of Canada beyond a period of three months; I believe that is the period at the present time. It would seem to me that it would be only fair and certainly would be justified to raise that length of stay to at least one year. I know that some of their organizations are advocating that it be for an indefinite period.

Mr. Knowles: That is the way the judges have it.

Mr. Patterson: I would not say just what the judges receive, but I will accept the hon. member's interjection in that regard. However, in all fairness, I believe that this matter should be given consideration and that the period should be lengthened to one year for these senior citizens.

Mr. F. A. Enfield (York-Scarborough): Mr. Speaker, I have been greatly interested in the debate this afternoon and in the way in which those who have spoken have endeavoured to deal, during the greater part of their discussion, with the general aspects of the economy as reflected in or affected by the budget. I respectfully rise to make my submissions and to endeavour to carry on this trend of discussion.

I was going to say that one feels that the budget has been generally well accepted owing to the note of optimism that is expressed therein this year. I think it has been well accepted in the country. Of course we realize that this feeling is not unanimous here in the house. However, I think the budget presupposes that the development of our economy will continue on a good level. It assumes that we are at present in a period of good economic activity. I think that optimism is justified. However, I think it will depend a great deal on how the level of our development of our natural resources continues throughout the coming few years. I should like to devote my remarks to a few generalizations with regard to our natural resources, to draw some conclusions and, if

possible, to relate those conclusions to the taxation policy outlined by the budget.

We are prone to talk rather glibly of our limitless forests, our untold mineral wealth and our vast reserves of oil and gas throughout the country. Perhaps we rather pass over the fact that the country is so large, and that there are such tremendous problems in gaining access to these resources and therefore the question as to whether it is possible economically to develop the resources perhaps has not received the attention it deserves.

In this connection I should like to point out that the following factors or problems are involved: First, there is the matter of easy access to the resources themselves. Second, there is the matter of the distance that they are from the possible market for the resources. Then there is the saleability of the resources, when we do get them, for currency that we can use or for other consideration. Then there is the matter of competition from other countries.

We are inclined to feel that we have a marvellous find, which we have of course, in our iron ore developments in Labrador. We fail to recollect that there is a mountain of iron ore in Venezuela, which is quite close to transportation, thus putting it in competition with ours. Iron ore is, after all, the most abundant mineral on the earth's surface. We must face the proposition of substitution. What is a resource today may be out of fashion tomorrow. We have seen great changes in the steel industry. Plastics are now taking part of what was once an exclusively steel market. The chemical fibre industry, that is the production of synthetic fibre, has dealt a body blow to the textile industry where cotton and wool, what you might call the natural fibres, are used. In fact, I feel that the development of this new synthetic fibre industry has been one of the root causes of the dire straits in which our textile industry found itself during the last winter.

The most important factor in endeavouring to develop our resources is the transportation problem. This is the key, I believe, to the whole situation. There is also our population to consider, both as a market and as a source of labour supply, and that is basic to the further development of our resources.

In so far as transportation is concerned, I may say that the importance of it struck me yesterday on our visit to Churchill. As we flew over that vast country covered with lakes and rivers, I saw this single rail line heading into Churchill on Hudson bay. One is struck by the enormous factor that the transportation problem really is. It must have been a tremendous undertaking to build that railway line, and as you look down from the aircraft it appears as a sort of lifeline. It must have been of great advantage in opening up that country. I cannot put too much stress on the transportation factor.

I should like to make a few general classifications of our resources, and relate them to these factors or problems I have outlined. I feel that our main resource lies in our sources of energy. We do not tend to feel that sources of energy are natural resources. Generally speaking we think of a natural resource as something we can look upon, feel, deal in, buy and sell. Sources of energy are, however, important resources; and the whole prosperity of our country is, I believe, based on the hydroelectric energy, just as it might be said that in the past the economy of Britain was based on coal as a source of energy. The sources of energy include, and I am listing these in what I think is their order of importance, hydroelectric energy, atomic energy, coal, oil and natural gas.

In considering hydro, we have the problem of ease of access and transportation to market. We know for a fact that in Labrador there is a river called the Hamilton river on which the fall is greater than at Niagara falls and on which the flow is just about as great as in the Niagara river. We also know that resource to be incapable of any development at the moment because of difficulty of transportation of electrical energy over long distances. It seems to me this is the role in which the government could assume the greatest importance; that is, to provide research into means of developing transportation so that something like the Hamilton river could be used to advantage. The hydro potential there is about one million kilowatts as compared with our present installed hydroelectric capacity of about 11 million kilowatts across the country.

I turn now to atomic energy. I think the announcement earlier this session of plans to build a new atomic energy plant in conjunction with the Ontario hydro amounted to one of the most momentous announcements we have had in this parliament. The advance of atomic energy could have a tremendous impact in a country like Canada where we have such vast distances to cover, and perhaps at present with so little available energy to cover those distances.

I am particularly interested in the development of atomic power which is, of course, of vast importance. In connection with the development of that energy, you will recall a few days ago seeing an article in the Ottawa *Citizen* concerning an announcement by

President Eisenhower, entitled "Dramatic Gesture for Peace". The article reads in part:

> President Eisenhower today unveiled plans to send a new atomic-powered merchant ship around the globe in a dramatic demonstration of U.S. determination to win "a just and lasting peace".
>
> The new vessel, the president said, will travel thousands of miles without refueling and "will demonstrate to people everywhere this peacetime use of atomic energy, harnessed for the improvement of human living".

We know also that the United States has been experimenting with a submarine, the *Nautilus*, in which an atomic power plant is used. Apparently the submarine can travel under water indefinitely without refuelling. Think what it would mean if we in Canada could develop atomic energy to propel vehicles over the land. It is said that one pound of fissionable material is equal to about 1,200 tons of coal. The advantages of extracting energy from fissionable material and applying it to the propulsion of a railway train are self-evident. I believe we should devote more of our energies and more of our budgetary expenditures to the development of atomic energy, not only for use in propelling vehicles on land but we should try to catch up in regard to its use in ships and in the air as well.

At the present time our budget calls for the expenditure of about $18 million per year under our atomic energy plan. This might easily be used, of course, in the development of our power plant. It would not be out of the way, in my opinion, to set aside a like amount, say $20 million a year, to develop other uses for atomic energy. The advantages would be absolutely tremendous.

Now, Mr. Speaker, when it comes to the production of energy we run into particular difficulties concerning its export. The export of energy is a sort of double-edged sword, you might say. When you create an outlet for the export of energy such as hydro power you have the advantage that it provides a steady market and obviously a steady income from that market. On the other hand you also tie yourself up on a permanent basis. I am thinking of the proposed Kaiser dam development, about which we heard a great deal in the early part of the year. Here the proposition was that we produce energy and supply a proportion of it to the United States market. The trouble with such an arrangement is that it is so permanent. It is most important, to my mind, before we go ahead with a project of that type to make certain of two things. One is that we are going to have a true surplus over and above that which our own market will need and, second, that you make the utmost use of the source of energy itself.

In that connection it was to be hoped that the development of the whole Columbia river basin would be accomplished as a unit. I think it would be fair to say that. It was to be hoped that the proposed development would fit in with the total development of the potential that was there. Once you commence the export of energy you create a permanent demand for its use by the communities using it. Those communities become completely dependent on that source of energy, and one cannot simply say, "Conditions have changed, so we would like to keep the energy for our own use." We must, therefore, ascertain that we do have a true surplus before we entertain any plans for the export of hydro.

The second class of natural resource that I would consider would be what might be termed the renewable material resources. This class is represented by all our important forest products and our agricultural products. I believe that on the average our lumber products account for about 31 per cent of our exports. Wheat alone accounts for about 14 per cent of all our exports. In regard to lumber and wood products, conservation is the keynote; and I do think that the pulp and paper companies will have to bestir themselves in their own interests to adopt good, solid conservation practices.

In connection with wheat, we find the particular marketing problem is that of finding a market where we can sell and in return receive a currency we can use. Unfortunately in the last few years, since the war, we have run head-on into restrictions in the sterling area, and it is most difficult to forecast when there will be a removal of those restrictions. We can count on this, however; that when that removal does take place, the sale of our farm products, particularly wheat, will be greatly benefited.

Then wheat is also subject to the vagaries of weather. However, wheat is what one might describe as a basic commodity in respect of which we have natural economic advantages in the matter of production, and it should provide a steady market for the future. I think other foodstuffs must rely chiefly upon the domestic market for their distribution.

Finally, there is a third class of natural resources which I would describe as non-renewable. I refer to the products of the minerals found in the Canadian shield. Of course we do not know to the full extent what the wealth of the pre-Cambrian shield might be; indeed, I doubt frankly if it has ever been fully surveyed, with the result that its vast riches to a great extent are uncharted. We realize that the cost of transportation is the key factor in connection with our mineral resources. Undoubtedly we are going to face

bigger and bigger demands for our natural resources in the form of minerals from the pre-Cambrian shield.

The United States set up a materials policy commission in 1952, in an effort to find out upon just what resources they could depend in that country. The report states, briefly:

> The United States has crossed the great industrial divide and from being a nation with a surplus of raw materials has become a deficit nation.

Obviously they are going to look more and more to the north for their sources of mineral supplies, and we must be ready to meet these increased demands. The role of the government, it seems to me, would be to provide services for the area, and transportation through it, if we are to be ready to meet these demands. In this connection I believe we should adopt a courageous policy in the matter of constructing railway branch lines. There is a tendency to look at the deficit under which the Canadian National Railways operate and then adopt a strict policy of economy, perhaps to the detriment of a philosophy of expansion.

I would not like to see that come about. Last year we had plans to carry a branch line into the Chibougamau area, which I thought was most commendable. Perhaps next year we should give similar consideration to the Great Slave lake area, because I understand from my friend the hon. member for Mackenzie River (Mr. Hardie), who has a special interest in the area, that there are tremendous advantages which would accrue from the construction of a branch line to Great Slave lake. Consolidated Mining and Smelting Company, I am informed, would receive great advantage from the use of a rail line in connection with the operation of their Pine Point property which is very rich indeed in lead and zinc, and of course requires only rail transportation to make it economically possible to take advantage of the deposits.

To sum up, I have endeavoured to outline the types of resources with which we must deal—our agricultural, lumbering and mineral products. I think the only conclusion one can draw is that there must be tremendous investments of capital and tremendous risks taken in order to develop these natural resources. In the past the incentive for such risks has resided, first of all, in the profit system. There have been great profits to be made in such developments, and of course rightly so. Then there is tremendous human satisfaction in the creation of new industry.

The obvious question one must ask is this. What should the role of government be in this situation? What must be the duty of government? To my mind it would be the duty of government to see that the development of our resources continues at a pace sufficient to provide economic prosperity and full employment. To my mind the best way the government can bring this about is to adopt a role under which it stimulates and encourages, and thus assists private industry.

Sometimes, however, we do not stop there, because we find it necessary not only to encourage and stimulate but also to operate. Private enterprise has been the dynamic and moving force in the development of our natural resources, and I believe it is incumbent upon us also to be a dynamic moving force. If we see that it is necessary to operate, as well as stimulate and encourage, then I believe we have a responsibility to operate. This indicates a devotion neither to the extreme principles of socialism on the one hand nor to the extreme principles of conservatism on the other, but rather is an effort to use wisdom, gained through experience, in adopting a policy that will provide the right decision at the right time as to what move should be made.

Pursuing this policy, the government finds itself operating a railway and air transport system, a broadcasting and television system, waterways and canals, a new atomic energy plant, and a large organization known as Central Mortgage and Housing Corporation for the encouragement of housing. All these are things the government operates, and there are many others. On the other hand we provide encouragement and stimulation by giving support to farm prices. We see the provinces operating hydroelectric plants.

These are just a few of the fields into which governments have entered. To my mind the emphasis should be placed upon stimulation, and only upon operation if necessary. Or, to paraphrase an old remark, operation if necessary, but not necessarily operation.

Of course the taxing structure as presented in the budget has a tremendous bearing upon what private industry will do in these fields. I should like for a moment to look at our budgetary expenditures. Perhaps it might be proper to suggest that our expenditures, as outlined in the budget, fall into two main classes—and perhaps I should add that this is a rather rough division. However, we do see money spent to provide security on the one hand and money spent to provide opportunity or stimulation on the other. If we look at the figures in the budget we find that about $1,200 million is to be spent on social welfare measures. Included in this would be grants for family allowances, old age security, unemployment insurance and others.

On the other hand, what do we find in the matter of direct expenditures by way of provisions to give encouragement and stimulus? Well, without having access to the tremendous amount of statistical material on this subject, the estimate I would make from what appears in the budget would place the figure at not more than about $400 million.

In that figure I have included all the money we spent on the national research council, the research carried out by the Department of National Defence and the Department of National Health and Welfare, the whole of the estimates of the Department of Agriculture, the whole of the estimates of the Department of Mines and Technical Surveys and the coal board, the estimates for fisheries, the estimate for northern affairs and the estimate for Department of Transport, part of the estimate for trade and commerce, and part of that for veterans affairs.

In other words, if we take these figures we find that we put aside for direct spending, or what might be called opportunity spending, the sum of $400 million. This is a liberal estimate, as opposed to $1,200 million spent directly on social welfare measures.

Because of that fact the question is asked, is a good balance indicated? We emphasize social security, and probably that is as it should be. I think any government would be loath to decrease any of the social security payments we now make. In fact most of us on both sides of the house would like to see a gradual—perhaps I am assuming too much—increase in the level of social welfare payments and hence a general betterment of living conditions as our government continues.

But we must not forget the other side of the coin. The only way we can continue expanding our social welfare is of course to keep expanding our economy. We have to increase our opportunity spending along with our security spending. By increasing our opportunity spending we shall increase economic activity and employment. The tax intake will be greater and the ability to pay social security will be enhanced. Of course, it is the old story of the goose and the golden egg.

I mentioned that the stimulus to risk-taking in the economy by private industry depends on reward. I have related this to the budgetary expenditures. On the other hand I should like to relate it to the tax-raising side of the picture. Of course the greatest amount raised in taxes comes from income tax, and that is a tax on the net profit resulting from the investment of labour and effort or money. Of this classification, the largest total sum is received from taxes on corporations. Until recently we had a 49 per cent tax on corporation net profits, which was just about half. We saw a reduction this year to 47 per cent.

I must make a point here. I do not know whether it is generally known—it is generally known in this house but perhaps not in the country—that there is a degree of double taxation in regard to corporation net profit. We all know that the corporation pays 47 per cent on its net profits, as shown by its financial statement; and then, when and if the net profit is distributed as dividend income, the person receiving the dividend pays a further personal income tax on that income. This accounts for the credit of 20 per cent that has been allotted on receipts of dividend income. I refer chiefly to corporation tax. I would ask this question. Does the tax structure encourage risk-taking by industry? To date I do not think we have seen any particular discouragement. Over the last decade we have had an expanding economy, and despite some reports one hears in this house to the contrary, we do have a prosperous economy at this time.

When one looks at the last decade, however, one sees certain conditions to which he must give special regard. Wartime spending provided a terrific impetus to expansion. The post-war shortages continued the heavy demands for consumer goods. The cold war has provided its grim incentive, and we all hope that these types of incentives will not continue. Under such conditions industry can expand and pay the taxes; but as these incentives have a lesser effect we must keep an open mind and we must not—and I repeat "not"—look at the present levels of income tax and corporate tax as normal.

There is a great temptation to do that. We have heard recent statements in the house that the corporation tax is not high enough. The hon. member for Regina City (Mr. Ellis) mentioned that he felt the excess profits tax should again be considered, and a capital gains tax. We often hear it said that in order to meet increasing expenditures, perhaps on social welfare measures, the corporation tax should be increased. This may or may not be true. I submit that such levels of taxation need not necessarily be regarded as normal, that our minds must be kept open and, if necessary, adjustments made between the risk-taking principle on the one hand and the tax policies on the other.

I would say that every time we tax a corporation to the point where the company decides not to expand and take further risks, we push that company farther out of the business that it happens to be in and get

ourselves as a government closer to being in that business. I further submit with respect that we must avoid thinking of present taxation policies as normal and traditional. We must keep an open mind, ready to consider new methods of taxation, in order that we might achieve the wisdom that will allow us to keep a proper balance in the budget and hence a prosperous economy. I feel that we have a good balance in our budget this year. We have had a good reduction in personal income tax and a small but important reduction in corporate taxes, and we are enjoying a good level of economic activity.

Perhaps the budget as it stands will produce the desired result. If not, we should not hesitate to examine the balance between opportunity spending, as I have defined it, on the one hand, and security spending on the other, and examine the tax structure from the point of view of encouragement of risk-taking in our resources industries.

Mr. O. C. Trainor (Winnipeg South): Mr. Speaker, I should like to take the opportunity afforded by this budget debate to comment on and protest against the economically unrealistic policy of the government with regard to natural gas. We have the rather remarkable situation existing where areas in Canada which have no gas within several thousand miles, such as Toronto, Montreal, Ottawa, and so forth, have the benefit of natural gas; whereas other parts of Canada that have gas, practically speaking, at their back door, are denied the privilege of utilizing this resource.

I say, Mr. Speaker, in my opinion this is owing to a vacillating and completely unrealistic policy on the part of this government. Why do they do this? Obviously, as I stated at an earlier time, they do it because they believe that in the foreseeable future Canada may run short of gas. Therefore it is desirable to conserve our resources for the benefit of this country. That would be a perfectly logical and sound reason if it were true, but it is not true. There is no danger of this country, with any foreseeable rate of consumption, ever running short of gas.

In addition to gas resources we have fuel resources in this country which are capable of supporting any population this country is likely to have for generations to come. We are incapable of consuming these resources; yet the government seem to have adopted a policy whereby they must be left in the ground; if we cannot dispose of them, obviously they must be left in the ground. When they are left in the ground they are no good to anybody.

I would suggest to the government that they consider changing this policy and not deprive the citizens of Canada, in one particular part at least, of the benefits to be derived from this fuel which, practically speaking, is at their doorstep. Winnipeg is in urgent need of natural gas, to such a degree that the local gas company has threatened, if I may use the expression, to build a pipe line on their own.

An hon. Member: Why don't they?

Mr. Trainor: They have indicated they will do that if lines are not built by companies favoured by the government at the present time. I suggest that the government pay heed to the feeling and demand which exist in western Canada in this regard.

I do not propose making any extended analysis of the budget such as was made by the hon. member for Greenwood (Mr. Macdonnell). He is much better equipped than I to analyse the financial operations of the government. However, I should like to associate myself with his conclusions, which I consider to be valid and based on sound reason.

Some of the speakers to the left seem to have gone to considerable pains to try to demonstrate an alleged failure on the part of the Conservative party to offer anything in the way of constructive criticism of the budget. I am at a loss to understand why the official opposition should be expected to provide an alternative budget for the benefit of the government. However, if by constructive criticism and constructive suggestions the parties to the left mean what they are advocating ad nauseam, crackbrained and discredited economic systems to which only a tiny fraction of the Canadian electorate have given any support, then we shall have to—

Mr. Wylie: Where are you now?

Mr. Trainor: Just a minute; just listen for a while.

Mr. Wylie: You have no monopoly on your part.

Mr. Trainor: Who says anything about monopoly?

Mr. Wylie: What are you reading from?

Mr. Trainor: I am not reading at all.

Mr. Wylie: Yes, you are.

Mr. Trainor: I am consulting my notes.

Mr. Wylie: Yes, sure.

Mr. Trainor: If you do not believe that—I do not have to take anything from you.

The Acting Speaker (Mr. Applewhaite): May I point out to hon. members that no hon. member who has the floor should be interrupted without his consent, and also that

hon. members taking part in the debate should address their remarks to the Chair.

Mr. Trainor: Thank you, Mr. Speaker. Nevertheless a more careful analysis or examination of speeches delivered by members of the official opposition will disclose a number of constructive suggestions. For example, the hon. member for Greenwood has been responsible for a few. Among other things he suggested that we should devote more time to promoting higher skills in our population in order that increased competition in world trade might be achieved.

The hon. member suggested the removal of the sales tax on supplies purchased by municipal corporations, and advocated the processing of more of our raw materials at home. The government was urged by the hon. member to take vigorous action to reduce or eliminate discrimination against Canadian products by foreign countries to the end that a greater number of Canadians might be given employment at home. Surely these suggestions should be regarded as constructive.

The hon. member for Broadview (Mr. Hees) made several constructive suggestions. He advocated a reduction in the sales tax to stimulate sales and employment, and indicated that the increased sales resulting from this action might compensate for the possible loss of revenue. He suggested a real effort on the part of the government to improve industrial design and lower manufacturing costs so we may hold or improve our competitive position in world trade. He suggested a careful examination of the position of the Canadian dollar in world markets and pointed out the obvious handicap that Canadian products were under as a result of this premium position. Are those not constructive suggestions?

What do the parties to our left offer? They offer a cacophony of mutually exclusive panaceas; they offer a sterile socialist dogma which is repellent to the great majority of Canadians; they offer a threadbare, discredited economic theory propounded originally by a Scottish engineer and professed by groups of economic innocents which has met with universal derision from reputable economists the world over.

Mr. Wylie: On a question of privilege, I was called to order a minute ago because I said the hon. member for Winnipeg South was reading his speech. I think he is still reading it. I just went around behind the curtains and saw that he was reading it. We are not supposed to read speeches. This afternoon the hon. member for Calgary South (Mr. Nickle) read his speech, and I think this practice should be stopped.

The Acting Speaker (Mr. Applewhaite): I think the rule in Beauchesne that speeches should not be read is pretty well known to the house. I believe it is equally well known to the house that a succession of Speakers, and I say this with respect, seem to have failed miserably in their efforts to enforce that rule. We in the chair as well as hon. members on the floor are bound to accept the statement of any hon. member as to matters purely within his own personal knowledge, and one such matter certainly is whether he is or is not reading his speech.

On several occasions I have heard Speakers drawing to the attention of an hon. member the fact that he was not supposed to read his speech, but beyond that, so far as I am aware at the moment, the Chair seems to have no power to go. I appeal to the hon. member for Winnipeg South not to continue to read his speech if he is reading it, but beyond that I fail to see what power we have in this chamber at the present time to go any further. We must accept the statement of any hon. member that he is following his notes closely.

I think it is perhaps only fair to the hon. member for Medicine Hat (Mr. Wylie) that I should say that many hon. members feel as he does, and that it is certainly entirely within his province to draw to the attention of the house for its consideration the fact that he believes a member is reading his speech. But I feel that, as our practice has grown up, at the present time all I can do is appeal to the hon. member who has the floor and any other hon. members who may follow not to read their speeches, and leave it to their good judgment.

Mr. Trainor: Thank you, Mr. Speaker. With regard to the point of order that has been raised, it seems to me the hon. member objects when something touches him keenly, and apparently something I have said must have touched him.

Mr. Wylie: Nothing you would ever say would touch me.

Mr. Trainor: It must have, judging by your reaction. I think it was the hon. member for Rosetown-Biggar who complained of the income tax exemption for the holders of securities of dividend-paying Canadian companies. His remarks would have had more force had he been able to state what proportion of these dividends were subsequently invested in Canadian enterprises that provide employment for his fellow Canadians. The hon. member who spoke just before me has called attention to the pertinency of double taxation in this particular regard, which I think is important. It should not be forgotten that

these dividends that were paid were previously subjected to corporation tax, and consequently the government has gotten its tribute. I think remarks of this type betray perhaps a complete lack of appreciation of the principles on which the economy of this country operates.

Mr. Speaker, at this point I should like to direct the attention of the minister and the house to two situations in which the basic principle of equal justice to every class of Canadian citizen is being violated. I have protested against both of these injustices on previous occasions in this house, and do so again in the perhaps vain hope that the government may do something to remedy the situation.

In the debate on the address in reply to the speech from the throne I called attention to the serious effect of the sales and excise tax on the public in so far as the price of automobiles was concerned. At that time I pointed out that if these taxes were removed or reduced to make them comparable to those in the United States, there was no reason why automobiles should not sell in this country at about the same prices as in the United States. For the small measure of recognition which the minister has given to this request I am grateful. It is far short of what I had in mind, but I suppose we should be thankful for small mercies.

However, it is a pity that the minister could not have provided his minuscule measure of relief without wreaking serious injustice on one class of citizen. Apparently, Mr. Speaker, like the Greeks we must fear the minister bearing gifts. Owing to conditions peculiar to the automobile industry, where the excise tax is levied on the manufacturer and passed on to the consumer through the dealer, we find that all dealers across Canada are expected to absorb the tax cut on all the cars they have in stock, because they have already paid the tax in the price paid to the manufacturers, and they are to receive no rebate.

The other day, in answer to a question from the hon. member for Prince Albert (Mr. Diefenbaker), the Minister of National Revenue stated that the government did not intend to provide any rebate, for the reason that these dealers had already benefited by tax increases that had occurred previously. I suggest that this is a rather specious argument, because when the tax was increased it was at a time of scarcity, when there were very few cars in stock owing to shortages, and also to the fact that dealers had made commitments to preferred customers and fleet accounts to deliver cars at the old price. Moreover, the manufacturers insisted on the dealers rebating when a customer complained. Consequently few if any dealers obtained any particular consideration or any benefit when the tax was increased.

In any event, why should the government allow anybody to collect, on the excuse that they were collecting for the purpose of paying taxes to the government, when the government in fact never collected any taxes? That is perhaps a demonstration of the questionable moral sense that we have become accustomed to associate with this government.

Mr. Speaker, I realize that this cabinet has accepted the principle that all Canadians should not be taxed alike and that the few should be favoured at the expense of the many. Nevertheless, I would join with the hon. member for Prince Albert in urging the minister not to extend this iniquitous principle to the point where the many are favoured at the expense of the few.

I regret that the budget offers no relief to a class of persecuted citizens whose cause I have pleaded on previous occasions. I refer to those on fixed incomes, those living on savings or pensions, who have been crucified by inflation and the decreased purchasing power of the dollar. There does not appear to be any indication in this budget of any relief for these people, or any effort to reverse the trend to which we have been subjected of late years; no effort to arrest or slow down the plunge of our dollar to even lower values. The minister shows a callous disregard of the fate of those elderly citizens who are attempting to eke out a precarious existence on dollars that were barely adequate when they retired, but are now insufficient to maintain life even by the standards of extreme penury. What a fate to inflict on those who have contributed their best efforts to the growth and prosperity of this nation in days gone by. The government are responsible for this situation, for—make no mistake about it—the present depreciated condition of the currency is largely the result of deliberate design on the part of the government.

There are a number of methods the government might adopt to redress this situation of its own making, and for the benefit of my friends to the left I offer them as constructive suggestions. First, it could reverse the inflationary process; but this is probably too much to expect.

Mr. Harris: Does my hon. friend suggest that we have inflation at the moment?

Mr. Trainor: Deflation?

Mr. Harris: I thought the hon. member said "inflation".

Mr. Trainor: Do I suggest that we have inflation at the moment? I certainly suggest that we have.

Mr. Harris: All right.

Mr. Knowles: "Flation" of some kind.

Mr. Trainor: The second suggestion is that it could raise existing government pensions to compensate for the inflationary effect. Third, it could grant exemption from sales tax on the necessities of life to those on fixed income up to a level sufficient to support a decent standard of living. Fourth, it could substantially lower or even abolish the sales tax on the necessities of life. The last suggestion is probably the simplest from the administrative standpoint, but all of them are possible provided the government has a proper regard for, and interest in, the plight of our suffering fellow citizens. In any event, Mr. Speaker, the overriding consideration is that when these people ask for bread, they be not given a stone.

Finally, Mr. Speaker, I should like to call the attention of the minister and the government to a figure that I believe may have significance as a goal or guidepost in the future economic growth of Canada. It is reported that the average family income in the United States in 1954 was $5,300. This is a target for Canada to shoot at. It should not be impossible of attainment, although I recognize the considerable difficulties in the way. Both countries were discovered at about the same time and were settled contemporaneously by people of different racial stocks. Immigration has resulted in similar racial patterns. The political development in each country has differed, but in recent years the same independence of political institutions has prevailed in each country. The natural resources of both are similar. If anything, Canada might be said to enjoy an advantage. The population growth in the United States has been enormously greater than that in Canada, owing to differing policies of immigration. Population would seem to be the determining factor in this marked difference in economic development in each country.

The inference is clear. If we desire to emulate the economic progress of the United States, we must seek additional population through immigration. We shall not attain it by adopting the thesis of population growth by natural increase favoured by the Minister of Citizenship and Immigration (Mr. Pickersgill).

It is worthy of note that this remarkable economic prosperity has been achieved in the United States under a system of free enterprise. It could never have happened under a socialist system. It required the stimulus of individual initiative, for which there is no substitute. But behold the result, Mr. Speaker. It is the marvel and envy of the entire world.

I am not suggesting that this result can be duplicated in Canada immediately, but I would suggest that by providing similar incentive and encouragement to private enterprise, it is not too much to hope for eventual economic parity with the United States. In the interests of Canada this is an objective devoutly to be desired.

Mr. G. H. Castleden (Yorkton): Mr. Speaker, in rising to say a few words in the budget debate may I say that I do not think there is a great deal I can add to the financial advice that has been given to the minister. However, perhaps I can offer him a few condolences.

He has certainly assumed the office of budget-maker at an extremely difficult time when we are faced with receding earnings, declining revenues, declining trade, declining activity and increased unemployment. Naturally we find him producing a deficit budget as his first effort. That fact in itself would not be too bad if there were on the horizon any real signs that the budget for next year was going to be any better. We are certainly looking in every direction for some sign indicating that perhaps the trend will change, that economic activity will improve, that the picture abroad will be better and that the trade picture will improve.

Canada is in a rather unfortunate position at this particular time in this respect. Among the leading nations of the world Canada enjoys the unique reputation of being recognized as one nation that is suffering from a severe unemployment problem while other countries in Europe and America are finding their unemployment figures cut quite low. Yet Canada's unemployment figures are increasing. Something is definitely wrong.

The government is facing up to a rather difficult problem. A year ago I said that I did not think they had a solution to the unemployment problem in Canada. I am still of that opinion. We can perhaps take a certain amount of glee in saying, "Well, the minister is in a rather awkward position". He is suffering from decreased income and increased costs, but there is one saving grace about it. He is perhaps in the same position as many people in the country, certainly including the vast majority of those whom I represent. The farmers on the prairies suffered a 70 per cent decline in their net income last year, with substantially increasing costs.

In the saving grace, the one difference, of course, between the minister and the people is this. Whether he makes his budget balance or whether he has a deficit budget, the

minister will still get his $25,000 a year and be allowed expenses. On the other hand, the farmer will be in the rather serious position that he will have a deficit, all right, but he will have to try to make up that deficit personally, and probably will have to go into debt a bit. Perhaps the minister now will be in a position to understand what the farmer feels like, as well as the businessman, the retail merchant, and the retail car salesmen in garages who find that, in spite of decreasing income, they are expected to carry an extra burden of some $100 a vehicle.

This budget, by its reduction in the price of cars, caught the retail dealers in a rather awkward position. The protest over that matter has been expressed many times in this house. I will just say this. The vehemence with which the dealers came to me and expressed their rather profound disgust at the way they had been treated indicated their feelings in the matter. It is not right that in 1940, when they were forced to collect the taxes, when it was difficult to get vehicles and they might have made some money, they were not given that opportunity. Now when the tax is reduced they are forced to carry the burden. They are in a very unfortunate position, because the price reduction has affected the very large stock of used cars they have on hand. I should like to assure the minister that if he and the cabinet decide to reverse their decision concerning restitution to these dealers, they would have the support of a great many members in this house.

The revival of our economy is going to be important to the minister if he intends to balance his budget next year. As I sit here I often wonder what his thoughts are concerning the possibility of the Canadian economy being revived to the point where business activity would increase, wages would go up, profits would increase, income taxes would increase, all of which would result in increased revenues. The reason we have looked in vain for it is that in Canada we have never known any great revival from a period of recession except in time of war. As soon as this government spends $5 billion or $6 billion in war contracts industry is stimulated, young men are taken from productive activity and put into the army; then Canada's economy revives and there is prosperity. But at what a terrible price.

In spite of what the hon. gentleman who preceded me said today about the theories other parties in this house may have, I should like to tell him that the status quo, for which he stands, will have to provide something better than it has provided in the past in the way of solving its economic problems in peacetime or it will have to change.

One hundred years ago an industrial revolution struck the world and the system had to change. The changes that are taking place today under automation, and advanced scientific application of power to production, are relatively five or six times as great as the changes produced by the industrial revolution. The economic system under which we live must change or it will pass on. It must change peacefully or it will change in some other way. The hope of those people here who are suggesting economic changes is that they will be the kind of changes that can take place peacefully and democratically. The economic system which does not take into consideration the welfare of the human being, and that looks toward some other aim as its ultimate objective, will fail.

The principal approach in this 1955 budget is that the Canadian economy is slowing to a very dangerous position. This economy cannot enjoy what may be called the luxury of the idleness of 613,000 people who are looking for work. The people of this country need food, clothing, shelter, homes, roads, hospitals and universities. When the natural resources of this country are still in an undeveloped state and you have people looking for work, then those who own the machinery of production and those who own the natural resources have an obligation to bring the two together to provide the things the people require. The other commodity that is required is the toil of man. Today there are 613,000 people asking only that they be given the right to work. They must be given that right. They are not to be denied the right to work. The right to work has to be established within an economy or that economy will be changed by the force of public opinion.

During the past two years in this house there has been a lot of bloated optimism on the part of cabinet ministers. They have been saying that everything is all right; the Canadian economy is fine, and this is periodic or seasonal unemployment. Everything will be fine as soon as the ice breaks and summer comes again. Each succeeding year, as the ice goes, there is no solution of the economic problem. It is getting worse. This government must accept responsibility for solving that problem or admit that they cannot do it. We have voiced these sentiments in this chamber before, and we have been called the forecasters of doom.

Last week I listened in the railway committee room while the 10 provincial premiers recited their difficulties and the problems of the various provincial and municipal governments. The Montreal *Gazette* in reporting the event said here were 10 tales of woe.

The premiers of the various provinces were faced with difficulties which to them seemed insurmountable. There was the problem of taking care of the unemployed; the problems of the increased cost of living, the increased cost of government and the increased cost of construction. An economy which permits the costs of living to rise continually without providing a means whereby those increased costs can be met is fundamentally wrong. It will have to be changed or we will have only great deficit budgets ahead of us in the future.

When I say that everything can be supported, I live in Saskatchewan—

Mr. Studer: You did not learn much.

Mr. Castleden: I lived under an old Liberal political system during the depression that changed the hearts and minds of a great many people. When I see a dominion-provincial conference starting its agenda with the question, how are we going to share the costs of relief, I am reminded that I was one of those who lived in the west during the relief days. I hoped then that Canada would never go through those days again. All we have to do is put our natural resources to work, put the means of production and labour together, to provide the things that Canada can provide.

The economic system must operate in that way. We cannot afford another depression in Canada. A demoralizing depression is too high a price for Canada to pay. When one sees thousands of unemployed riding the box cars from one end of the country to the other looking for work, when one sees soup kitchens back again in this country, one knows that something is wrong and surely it is our job, collectively, to try to find a solution.

I do not know what the status quo is going to do about it. Somebody says, "What do you mean by the status quo"? I think of the definition of the old coloured parson. Somebody asked him what the status quo was and he said, "That is Latin for the mess we's in." We are looking for a way out of it. I would suggest to the minister that municipal governments are only too anxious to employ people when they find unemployment in their ranks, but they are finding themselves up against a stringent and difficult financial problem. I suggest to him that one way he could put a patch on the inner tube, that status quo that has let us down so badly, might be to make large amounts of long-term low interest money available to municipal and provincial governments. If money at a rate of 1 or 2 per cent could be made available to provincial and municipal governments they would be able to put people to work.

Roads are needed desperately in many parts of Canada. From the information I receive about roads in different parts of the country it is clear that we could spend billions of dollars on roads alone, thus raising the economic standard of our country and at the same time providing work. We could do worse than copy the program adopted in the United States for the provision of highway transportation systems. The movement of goods by road is an economical way of moving them. I believe it is better and cheaper for people to live in areas where they have easy access to markets. When we are using trucks and heavy vehicles for the transportation of goods we must have roads that are built to stand that kind of transportation. Municipal governments could use long-term loans at low rates of interest to do the necessary road building in their respective areas.

Then, in addition, school buildings are required, and in many municipalities they have housing problems beyond their ability to handle because of the necessary capital outlay. I believe there are many things that could be done along these lines, and certainly the people would be greatly helped if money were made available to them at these low rates. It would have the effect of stimulating building activity which, in turn, would stimulate other industry. While I do not suggest this is a complete solution for the problem, I believe it would help a lot now.

The farm problem in the rural areas is one which is slightly different, and to offer a solution one must investigate more deeply into the matter. My constituents, who ask me to speak for them in the House of Commons, are noble Canadians who earn their living by toiling on the farms. In this they use machinery and expend their energies to produce foods such as cereals, meat, butter, poultry and the like. Then it becomes necessary to sell the products of their toil to a hungry world.

I find, however, that agriculture in Canada is in a bad way. Figures from the bureau of statistics show that the agriculturist, the man who lives on the farm, is fast becoming the disappearing Canadian. These figures show that in 1931 some 37 per cent of the population in Canada were living on farms, while only 20 years later, in 1951, the figure was down to 20 per cent. Everywhere we see evidence of people leaving the farms and entering the larger centres. Surely this is a sad commentary on our way of life.

Mr. MacDougall: Mechanization.

Mr. Castleden: It is not mechanization alone. In my opinion we cannot afford in this country to lose the family farm. True, mechanization has its place; but it will be a sad day for Canada when it becomes a nation in which can be found only mechanized and factory farming, and when the people living in those rural areas disappear. When people live in the larger centres, only driving out to the farms to conduct a mechanized form of factory farming, it will be a bad day for this country.

This afternoon the hon. member for Portneuf said that we have factory farming in western Canada whereas in the east the family farm predominates. I believe it is true to say that the family farm must be established on such a basis that economic livelihood is possible, whereby people living on those farms by their toil can live in a fashion comparable with that of other Canadians doing the same amount of work and living in other parts of the country. If the government decides that mechanization is to take the place of the family farm, then it must take the responsibility for that decision; and let me say at once that this party would never support it.

I believe one of the firmest foundations of a great nation is its rural homes and the contribution they make to the finer things in the life of the nation—the great men they contribute, the leaders who came from the rural homes, the Abraham Lincolns. In short I do not believe any nation can afford to let the family farm disappear. To my mind it is disappearing in Canada because the security one used to find there is fast disappearing. There are enough hazards sent by nature to try the average farmer, without the addition of any artificial hazards.

One is reminded that out on the western prairies today rains have flooded lands to the point where they are becoming water-soaked and water-logged. Yet no more than 20 years ago those same lands constituted a dust bowl, where production was at a standstill. I have known summers in those days with a rainfall of less than half an inch in some communities, summers when cattle were dying from lack of food and moisture, dying because of dust in their stomachs, dying because they were unable to find enough good food to eat. Only 20 years later we find a new cycle in which rain is falling in flood proportions, to a point where dampness and rust are proving disastrous to the farmer. Another two years with similar amounts of rainfall would put large sections of the western prairies out of production.

These are some of the hazards under which the farmer must operate. But he does not complain about them. I had fewer complaints last year from farmers who lost their crops from one of the most disastrous rust infestations ever known to western Canada than I have had in a great many years. They did not complain about nature sending rust. But they do complain when, after producing their commodities, after being told to raise hogs or to raise something else, they find that prices have fallen to a point where no money can be made from their work. They do feel badly about those things. I heard more complaints about the allocation of box cars, which was handled in a manner whereby they were denied the right to deliver to their own elevators their grain—the little they had—than I had about the rust.

When the rust came they said nothing could be done about it, that it had been sent by nature, and accepted it as an occupational hazard. But when they are denied something they believe to be a basic right, the denial of which means injustice to them, then they are angry, deeply angry. They realize that the matter of pricing confronts them with a man-made hazard, one which should not be permitted to wipe out the family farm.

Surveys made in this country, particularly in Saskatchewan, show constantly increasing production costs on farms, a factor over which the farmers have no control. For a number of years during the war the farmer had a greater measure of prosperity because he enjoyed large crops, and his receipts kept up with his expenses. He was able to pay his debts and make his way. But in recent years his returns have been declining; prices of his commodities have been going down constantly. A startling example is found in the drop in the price of cattle sold by the farmer.

These things hit him hard. That kind of insecurity will drive him off the farm. No person can continue long in business when his costs of production are away beyond his income. This means the deficit financing that the minister understands. There is no security. Until there is some security he will be living in fear. He is not guaranteed any pay. He knows that his living and the living of his family are in jeopardy, and that if continued eventually he will be driven off the farm.

The farmers and the agricultural organizations are asking the government that the cost of production and a support price based on that cost of production be linked together. When costs are going up the farmer has no control over the cost of his machinery; he has no control over the cost of the combine, the tractor or the drill or even the hay machine. The cost of building a barn and the cost of cement are continually going up.

His oil cost and his taxes are going up. His cost of living and his cost of clothing are increasing. He has no control over these. He cannot do much about it except patch up the old machine and make it run a little longer. If no security is given to that industry, then there must be a linking together of his cost of production and the price he receives for the commodity he produces, based on its quality. When he produces a certain commodity of a certain quality, he is certainly entitled to a support price below which his income will not be permitted to go.

I hold in my hand the brief which the Canadian Federation of Agriculture submitted to the cabinet in March of this year, just a few weeks ago. In that brief they outlined the problem facing Canadian agriculture. I quote from the second paragraph on page 1:

> At the present time, farmers are very greatly concerned over the weakening of their position in the Canadian economy. Farm prices have been falling over the past few years, while costs have remained at near record levels, and some have actually risen. The result is a cost-price squeeze that has made serious inroads on the standard of living of Canadian farmers.

They outline what is happening to the dairy industry, and certainly there are grounds for complaint in that regard. They have this to say on price supports:

> The Agricultural Prices Support Act of 1944 states that "in prescribing (support or guaranteed) prices . . . the board . . . shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations". With this goal (parity of income for the farmer) we are in agreement since it expresses exactly the objective of organized agriculture in Canada today.

They merely asked that they be given a parity of income, as a result of their toil, with those engaged in other industries in Canada, so the income from the farm shall be related to the cost of operating that farm. I continue:

> The prices support act, and the administration of the programs under it, have provided a large measure of stability for the farming industry,—

I may say it is rather unfortunate it did not have the effect of stabilizing the ultimate prices to the consumer; but at any rate that principle must be established. If agriculture is to continue, and if family farms are to continue as a part of Canada's economy, something along that line must be established, in view of the economic position in which agriculture finds itself today. I use these words advisedly, because I have watched the trends over the years, and the statistics prove that unless this is done the Canadian economy will suffer as a result of people moving away from the farms to some greater security.

The federation had this to say on page 6:

> Since the relationships between farm products which held in the base period are not appropriate today, we are using actual market prices in the immediately preceding ten years as a guide to arrive at the relationship of individual commodity prices. By this method fair relationship prices for farm products can be arrived at which will be in proper balance with one another, but which taken as a whole will represent a level of purchasing power on a par with that which prevailed in the period 1925-29.

They have taken the period 1925-29 as the base. They said that at that particular time a certain amount of farm produce would buy a certain number of commodities which the farmer required. Let us say that two bushels of wheat would have bought a pair of overalls. If that price relationship existed today, or a similar relationship, two bushels of wheat would still buy a pair of overalls. If that price relationship exists we can continue. There will be some hope that we may be able to plan ahead and will not be operating under a deficit budget. A deficit budget in agriculture means that the family farm will disappear from this country.

By establishing parity prices in Canada we can do a great deal of good. We should study what they have done in the United States over a period of some 20 years. The United States has had a system of parity prices and support prices, and in the past 20 years they have learned a great deal. It is my opinion that Canada can learn a great deal from the experience of the United States in this field. Basically, they recognize that if the family farm is to continue it must have some guarantee by way of parity support prices.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Castleden: Mr. Speaker, before the dinner recess I was referring to the need in Canada of a parity prices support program for agriculture and the possibilities of our learning something from the experience of the United States, where a support prices program for agriculture has been in operation for some 20 years. Agricultural organizations in Canada are demanding the establishment of such a program, and it is my opinion that they will persist in their demands until they get it. This should have the support of every hon. member from a rural riding in Canada, and it should be part of the program for agriculture everywhere in the country.

The establishment of a parity income for farmers and their families living on economic units in Canada could be the basis of the security so essential to Canada's prosperity.

I am hoping that the members of this house will study the possibilities of this program and learn from the experience of other countries. This type of program is essential, not only because of economic conditions, not only because of the social effects it would have, but because of the effect it would have upon the basic well-being of the whole economy. It has been said by people who have studied the matter that depressions and recessions are frequently farm-bred and farm-fed. When you have an economy in which your agricultural people are prosperous, then you have the foundation for a good national growth and prosperity.

The program followed in the United States has provided security for agriculture there, and the results are to be seen throughout the economic structure of the country. It is true that it has taken the form of a subsidy to agriculture in some cases, but it has provided prosperity which has certainly been lacking in Canada in the last few years. There is less than half the unemployment per thousand of population in the United States than there is in Canada. The subsidy paid to agriculture, an essential industry, is much smaller than the subsidies that have been paid to other industries not only in that country but in Canada as well.

In farming communities and in those provinces where agriculture is the main industry, cities and towns very quickly feel the effect of any recession in agricultural income. People living in these cities and towns very soon find this reflected in their standard of living.

It is a well known fact that as a result of the program in the United States there are hundreds of millions of bushels of wheat tied up in surpluses, but if you study the problem I think it will be found that that is largely due to the fact that they subsidized the wrong kinds of wheat, and encouraged the growing of wheat in uneconomic areas. There is no surplus of hard spring wheat in the United States. If the consumption of wheat in that country could be increased by 4 per cent their surpluses would soon be wiped out. A similar increase in consumption would wipe out other surpluses. That is why it is necessary to make a deep study of the matter before setting up such a program.

The same thing was done with regard to cotton. They have large surpluses of cotton which are costing them a great deal to keep in store. A government storage program is an excellent thing. We could easily have a recession or a cycle in production which would cut down production to a great extent, and then our surpluses would be most valuable. The vast surpluses of cotton which the United States has were due to the fact that they placed a parity price on this commodity without regard to the family farm unit. A parity price program could quite easily oversubsidize the kind of farmer who does not make the same contribution to the economy of the nation as does the family farmer. The program will require regulating to see that the family farm is the one that gets the subsidy, to see that you do not make millionaires out of people who are in mass production, to see that you do not bonus inefficient production on inefficient units.

I think the surpluses in milk and dairy products are good things to have. It is better to have too much of these products than too little. Their program of disposing of surpluses offers an excellent lesson for anybody who wishes to learn. If we recognize our position in the world as a producer of food, and if we recognize that there are almost a billion hungry people in the world today, then it would be wrong to say that we should not produce what we are able to produce, that we should not give all that we are able to give to those who are hungry.

A planned program of production would be a necessary part of that. There would have to be food banks where surpluses could be stored to take care of the leaner years. It might be necessary to zone production. We know from our own experience that a parity price in one particular area is quite different from a parity price in another area, even within the same province, where the cost of producing may be much greater. That kind of thing would have to be taken into consideration.

Many people think it would be costly, but the fact is that it would not be costly when we consider the effect it would have upon our economy. This would be far better for the nation than subsidizing air lines, aerodromes, gold mines and oil lines. The experience of the United States has been that during the period in which they have had this program, agriculture has enjoyed a period of prosperity which has helped tremendously in keeping the United States economy buoyant. A mismanaged program could lead to factory farming, and a properly managed program could prevent that kind of waste.

To sum it up briefly, I would say that the low-price and high-cost cycle that is facing agriculture today is a most serious thing. It will mean only one thing for agriculture, and that is bankruptcy. Canada cannot afford a bankrupt agriculture. The present condition threatens the very life of our most important industry. A support price program geared to the cost of production is an immediate necessity, and the longer it is delayed the more

serious the situation will become. Until steps are taken to institute an adequate program this government will be rightly criticized, and the protests from agricultural producers will continue.

If you look over what the countries of the world are doing to feed the world, through FAO, the Colombo plan and the United Nations organizations, you cannot fail to realize that here the democratic countries are given a weapon of the greatest value to help in winning the world for peace and democracy. Food and technical assistance given to the hungry peoples of the world, to the backward nations of the world, can do more to bring peace to the world than billions spent on armaments. This is the real responsibility of those nations who like ourselves have the power to produce something which the world needs and needs badly.

That is the kind of thing which is splitting the world into camps that do not understand one another and are warring against one another. When agriculture prospers, then the Minister of Finance will find it easier to balance his budget. Canada can make a real contribution toward the brotherhood of man and can increase the respect which these people in many of the depressed areas of the world have for democracy. It is a responsibility which Canada cannot afford to neglect.

Mr. H. A. Hosking (Wellington South): Mr. Speaker, in taking part in this budget debate I should like to pay my respects to the Minister of Finance for the masterful fashion in which he has accepted his responsibilities, and to bring to his attention the respect he has won from people all across the dominion. The manner in which he has comprehended the burdens which taxation has put on all our citizens, and the methods he has used to distribute tax relief, have been fair to all. He supplied direct relief to the majority of our citizens, and especially those in the lower income tax brackets. To assist those who were unemployed to find jobs, he has given tax relief to industry which will encourage it to expand its economy and thus create jobs.

It is regretted that our defence requirements are still so large that it was impossible for him to cut expenditures further in that field. The spending of over $1½ billion for defence this year prevented further tax reductions to our people.

I would ask him to give every consideration to those who are unable to find work. Until one has experienced being unable to find a job it is impossible really to appreciate the terrible problems of an unemployed person. Most of the hon. members in this house are old enough to have lived through the thirties. It was an exceptional person who, during those years, did not find himself hunting for a job; thus most of the members here understand the difficulties which have confronted too many of our citizens during this past winter. For them every effort must be made.

In Canada today we have another class of citizens requiring consideration; that is, our farmers. The time has come when great consideration must be given to their problems. I was pleased to hear the minister say that he was going to set up a royal commission with instructions to look ahead and examine carefully our future economic prospects. I hope the agricultural representatives on this commission will be strong, able men, and sympathetic to our farmers. We have entered a trend in our economy with regard to agriculture which, unless reversed, will be disastrous. It is impossible to imagine that the economy of this country will remain at its present buoyant state if the prices of agricultural products continue to drop year after year, while the cost of every material and service which the farmer has to buy and use continues to increase.

The minister suggests, at page 2739 of *Hansard*, that he is referring to the tariff board for revision two sections of the tariff act which have become out of date. I realize that he has had a very short time to study tariff problems since he became minister, and I would hope that before another year rolls around he will have found more than two commodities on which existing tariffs have become obsolete. I would suggest to him that in the last nine years the tariffs on automobiles have nearly doubled in comparison with the tariffs on textiles.

May I explain, Mr. Speaker, just what I mean in this regard? Many of the tariffs on textiles are so many cents per pound or so many cents per yard. We all know that the weight of a pound or the length of a yard of textile has not increased, though the cost of production of that pound or yard certainly has. Thus this part of the tariff on textiles is the same today as it was 10 years ago. The tariff on automobiles and trucks, on the other hand, is based on the imported price, and everyone knows that this price has doubled. Therefore, by comparison, the tariff has doubled on automobiles and trucks, and should be cut in half in order to keep a proper balance in our economy. Let us reduce the tariff on automobiles and trucks so that it is the same amount in dollars per car or truck as it was in 1946.

There is another reason why I suggest that the automobile industry no longer requires the tariff which is protecting it. The new factories now built by the big three in Canada were

planned to be the proper size to give maximum efficiency, and thus can operate just as cheaply as they can in the United States. To prove this point, let us take a look at the Ford operation at Oakville. All members will remember that Ford has just completed a very large and modern plant there, but it is not large enough to produce all the production it requires in Canada. Why did Ford not build a larger plant at Oakville to meet its production requirements? Because it would have been too large and unwieldy, and not the economical unit it is today. I am confident that the new Ford plant at Oakville can build automobiles cheaper than any plant they have in the United States. This industry is no longer small, and the efficiency of the mass production methods used here is equal to or better than that of any place in the world. This industry has outgrown the reasons for requiring such a high protective tariff.

I agree with the speeches which the hon. member for Halton (Miss Bennett) and the hon. member for Ontario (Mr. Starr) made regarding the automobile being a necessity. They made the argument that because the automobile was a necessity it should not be taxed. I agree with them. The minister has cut the tax; let us cut the tariff too, in order to benefit the citizens who require this form of transportation.

I do not agree with all the details of the speeches made by these two hon. members, but if I were criticizing their speeches I would criticize them for their sins of omission rather than their sins of commission. They pointed to the excise tax on automobiles and, Mr. Speaker, our minister has rightly decided to remove some of that excise tax. A further suggestion I would like to make to these two members is that they ask the government of Ontario—which represents the same party they belong to—to look into the tax which it imposes on automobiles and trucks in our province.

Maybe if I gave a few figures it would be interesting. The total national revenue from federal excise and sales tax on cars and trucks for the fiscal year 1952-53 was $152 million. For the 1952 calendar year it was $139 million. The total revenue taken by the province of Ontario in taxes on motor fuel, oils, and motor licences was $93 million during the year 1951-52, and in 1952-53 it was $104 million. With the reduction the minister has made in excise taxes this year, and with the increased traffic on the highways, no doubt the government of Ontario will collect more from the motorists of this province in taxes on the operation of automobiles and trucks than will our government in the excise and sales tax for the whole dominion. Before further cuts are made in our taxes on this essential industry, it would be nice to see the provinces give assistance in this regard.

While I am discussing the 5 per cent cut in excise taxes on automobiles I would like to ask the minister through you, Mr. Speaker, to confer with his colleague the Minister of National Revenue again and see if it would not be possible to refund the taxes which the dealers have paid on automobiles which they have not sold.

Let me explain the position of an automobile dealer selling new cars. The manufacturer asks the dealer to estimate for three months ahead how many cars he will require. Once this figure is given by the dealer the manufacturer proceeds to build and ship these cars, with no further regard to the dealer. Once the manufactured car is loaded on the transport of the factory it becomes the property of the dealer. At this point, under our present law, the dealer has to accept responsibility to pay all the taxes on it as well as the price of the automobile itself. So you can see that many dealers have hundreds of cars in stock on which the taxes have been paid.

Surely it would be very simple to obtain an inventory of all the automobiles the dealers had on hand on April 5. Every legitimate dealer will have this in his records. Any vehicle he had on his hands on April 5 is one which is not registered under the provincial law in a customer's name. On these vehicles he has paid the tax of $70 to $150, and will not be able to recover it. This will result in the loss of thousands of dollars to these dealers.

This is a serious situation, and I would suggest that as far as the government loss in making this recompense to the dealers is concerned, it would not be more than some three weeks' production of cars. In effect, the minister could just imagine that he had put his tax reduction into effect on March 15. That is all the difference it would make to his revenue. If this is not done it will upset the economy of the automobile business in a way which will cause repercussions for years to come.

Maybe the minister has been informed by the manufacturers that they have made restitution to the dealers. If he has received this information, then I want to tell him that it is not true. They have not made restitution, nor have they promised to make restitution to the hundreds of dealers who are complaining about this unfairness. If no restitution is made to these dealers by the

manufacturers or by this government—and I have reasons for suggesting that perhaps the manufacturers should make restitution—it will create a serious situation before the next budget comes down.

You may wonder why I suggest that the manufacturers should make restitution to the dealers. They made increases in prices this year which were more than the amount of the tax reduction. Let us look at the price of an average automobile for just a moment, and I pick one of the low-priced automobiles at random, because the situation is similar in all cases. The standard suggested price for this automobile in December, 1954, was $2,110. In January, 1955, the price of the same model was increased by $84, to $2,194; and after the reduction in tax of $70, this same automobile sells for $2,124. Thus we see that without any increase in wages, material or taxes, the price went up a little bit more than the tax reduction, and the manufacturers could well afford to rebate to their dealers this tax reduction. But, Mr. Speaker, let there be no mistake about it; this has not been done in any broad sense.

I should now like to tell why I consider it is important that something be done to correct this mistake. When the taxes were increased on automobiles in 1940 the dealers had stocks of cars on hand, and government officials went out into the dealers' backyards and checked those automobiles so they could collect this tax. In other years when taxes on automobiles had been juggled this checking was not done. This situation was quite acceptable, because from 1940 until this year the stocks of new cars in dealers' hands were negligible. Taxes could be put on and taken off and it did not make any difference to the dealer, so the total amount of revenue gained or lost by the dealer and the government was negligible.

This year we reverted to the same situation as in 1940. The dealers had very large stocks, and so the total amount involved is important. In 1940 when the stock in the dealers' hands was large and the government wanted to collect—and properly so—the tax on those unsold automobiles, they turned loose in each city all the members of the national revenue department; customs men and everybody searched the dealers' yards, barns and house garages to find these automobiles on which taxes should be collected.

I do not disagree with that procedure. That was right and proper. Should we ever enter another war, it should be done again. If by reason of war we had to put a 25 per cent excise tax on the new cars in stock in the dealers' yards, certainly we should hunt them out and collect this revenue from the automobile dealers. Now, when this situation is reversed, I plead with the government to do the right thing and refund this uncollectable tax to the dealers.

If they do not do so the result will be disastrous. In many cases the loss will be such that it will cause many dealers to go broke. Those who do not go broke and are in business next year will stop ordering new cars before the budget is brought down. We shall have factories shut down and there will be serious unemployment during the winter months, when we should be encouraging industry to create employment. It will not matter whether or not the tax is changed; our government will have created fear in the minds of these dealers, and that fear will force them to have no new cars on hand, and as few used cars as possible, before the budget comes down.

We all agree—including the dealers who have been so badly hurt—that as soon as possible the remaining 10 per cent tax should be dropped. This means that every automobile dealer will lose thousands of dollars, in fact 10 per cent of the value of his stock in both new and used cars. I would ask the minister to discuss the situation with the Minister of National Revenue and reconsider their decision, so that fair play will be given to these dealers.

Since I am dealing with this industry I might offer one further suggestion to the government. This problem is unique to the province of Ontario, because this is the only province in which automobiles are manufactured. More people's lives are influenced by the motor industry here than in any other province. If we correct the wrong of this tax situation, then we should review the whole automobile industry's production.

At the present time we are told that the manufacturers are planning to produce 122 per cent of the country's needs. This is a terrible situation. Obviously by August 1 the manufacturers will realize that they must stop production, and we shall have unemployment in September, October and November. What a time of the year to create unemployment. The government is interested in the welfare of every business in this country because of the taxes we collect. It is necessary to see that nothing happens to our economy.

Through you, Mr. Speaker, I would ask the Minister of Finance to study carefully ways and means of preventing this cutthroat rat race of overproduction in the summer months. It is good for no one. At best it

could benefit only the company which eventually succeeds in disposing of all its opposition. The resulting monopoly would not benefit the people of Canada.

It may be, Mr. Speaker, that instead of having the unemployment which is going to be created by the automobile manufacturers in September, October and November of this year, our Minister of Trade and Commerce could suggest to these manufacturers that they change to their new models in August, a procedure which would create full employment during the winter months. Surely this would be much better than the conditions which will otherwise exist this year.

I wish now to deal for just a moment, Mr. Speaker, with the land assembly proposition in Guelph. This is one of those propositions where the city was supposed to ask the provincial government to assemble property on which houses could be built, one in which the city pays 7½ per cent and the province 17½ per cent, and under those conditions this government would pay 75 per cent. I wish to commend the Minister of Public Works for refusing to pay 75 per cent of the cost of this property known as the Hadati farm in Guelph. My reasons are that the city never asked for this land to be assembled, and were only told about it during a casual visit by Mr. Bunnell to the mayor's and city engineer's offices on February 10, 1955. The province, ignoring the city, had already arranged the purchase of this land the previous year, on December 6, 1954.

I find it necessary to tell why the city was not in favour. The trunk sewer which would normally serve the Hadati farm is already overloaded. To bring sewer and water services to the edge of this farm would cost the taxpayers of the city of Guelph between $150,000 and $200,000. That is the reason this farm was bought for such a low price, namely $17,500, in 1948, and that is the reason it was ridiculous to offer $107,000 for a piece of land which, as far as the city of Guelph is concerned, would cost the taxpayers $300,000 before it could be serviced. This amount does not include the building of roads, sidewalks or any of the services which would be supplied on the farm itself.

We should also remember that on December 6, 1954, when the provincial government contracted for this land, there were 200 lots owned by the government unsold in the Green Acres scheme, which has been available to anyone to buy since 1951, and these are much closer to the business area and the heart of the city.

I wish to thank the minister for saving the taxpayers of Guelph from such treatment by the provincial government. If this is a typical example of the way the money we turn over to the provincial government is used on land assembly projects, I would ask the minister to look at every deal with the greatest of care, because we should not allow the provincial government to squander the dominion government's money and take away the rights of municipalities while doing it.

I have been asked by several Jewish religious organizations to bring to the attention of the people of Canada the information that they resent Hon. Mr. Warrender suggesting that this deal was made with any Jewish religious organization. May I quote from the provincial *Hansard* of March 17, 1955. Mr. Wren asked these questions of Mr. Warrender:

> Mr. Chairman, may I ask the hon. minister three or four questions concerning a matter in the city of Guelph? Would the hon. minister say whether the government has purchased 165 acres in or adjacent to that city for a land assembly scheme?
>
> Hon. Mr. Warrender: No, but I shall give the hon. member some background on that. A few years ago, I believe it was in 1950, a Jewish organization, the name of which I cannot remember, it is religious, the Jewish youth centre organization—perhaps the hon. member from St. Andrew can help me—a Jewish youth centre organization for religious purposes came to us and asked if we were interested—that is, the partnership—in buying this acreage you speak of just outside the city of Guelph. At that time we said, "No", because their price, we thought, was prohibitive.

In connection with Mr. Warrender's remarks about this religious organization—this Jewish youth centre organization for religious purposes—the Jews have asked me to make it perfectly clear that no Jewish religious organization had anything to do with the Hadati farm or this deal, and they resent very much the suggestion by the minister that they had. I am told that the group who owned this farm were a business organization.

I hope, Mr. Speaker, that I have cleared up this point, because I have found the people in Jewish religious organizations to be just as fine and honourable as the people in any other religious organizations. All good citizens can appreciate these fine people resenting their name being coupled with such a deal as this. I sincerely hope this statement will remove the injustice that has been done to these innocent people.

(Translation):

Mr. Georges Villeneuve (Roberval): Mr. Speaker, at the outset I would like to thank the government and more particularly the Minister of Finance (Mr. Harris), on behalf of the people of the constituency of Roberval, for the tax reduction announced in the last budget. Such a reduction, coming in a year

in which no election is in prospect, is proof of the sincerity of the Canadian government towards the Canadian taxpayer, as well as of its desire to stimulate the economy of this country.

It can therefore be expected that the load the taxpayer has to bear will grow lighter and lighter and that the government's policy will continue to be progressive.

Still I would like to call the attention of the Minister of Finance to the plight of the dealers in cars and other motor vehicles, who put in large stocks of vehicles to meet the heavy springtime demand and are now incurring heavy losses.

Since dairying is the basic farming industry in my district and constituency, I wish to express to the government, and more particularly to the right hon. Minister of Agriculture (Mr. Gardiner) my thanks, and those too of my farmer constituents, for heeding our urgent appeals and deciding to extend for a further year the support price of butter at 58 cents a pound. The farming people of my constituency are now going through a period of difficulties and are grateful to the government for maintaining this precious assistance. By looking after the farmers, the government is helping to maintain the economy of our country. The welfare of our farmers greatly affects that of all the other classes of society, because they are its most stable element.

The Catholic farmers' union of the Saguenay region has asked me to thank the government on its behalf for that decision which will be beneficial to them. They are particularly in favour of that price support program. So, as the representative of that county, among the four which constitute our region, where agriculture plays the greatest role, I am glad to convey those thanks to the government, and the right hon. Minister of Agriculture in particular, whose good will towards our farmers is very well known.

As a sequel to the speech I made in this house on March 30, 1954, and in which I urged the government to take the required steps to have Canada join the Pan-American Union, I wish to point out that during the Easter recess, on April 14 to be more exact, all the other countries on the American continent celebrated what has come to be known as the "Day of the Americas".

On that occasion, the parliaments of the 21 nations belonging to that organization take part in those popular festivities and proclaim their faith in the ideals which have made it possible to strengthen continental solidarity.

Since the far distant time when Simon Bolivar called together the Panama congress, in 1826, our continental neighbours have come a long way. After a number of conferences, they first set up the international bureau of American republics in 1890, then the Pan-American Union in 1910, and finally the Organization of American States in 1948, at the time of the historical Bogota conference.

It can be said that more than once those continental conferences and the peaceful work of the Pan-American Union have been used as tests and even as an inspiration for research and work to ensure the fellowship of man and peace among the nations of this continent.

Although Canada so far has held aloof officially from that great Pan-American movement, I think I should point out that she has often taken part in the proceedings of specialized agencies from the first medical conference held in Washington in 1893 up to the economic conference held in Rio de Janeiro in November 1954.

Canadian delegates also took part in the work of continental organizations, like the Pan-American health board, the geographical commission of the Pan-American institute for geography and history and the inter-American institute of statistics, which held its convention in our Canadian capital, here in Ottawa, in the fall of 1952.

For all these reasons and in the name of continental solidarity, I think it is fitting that Canadians join, at least in spirit, in this feeling of pacific co-operation, anticipating a closer association in the near future with the sister nations of the three Americas, when Canada will take amongst them the seat set aside for this country since the birth of the Pan-American movement.

Until now, the federal government has given a good example to the country's employers by generally paying its employees well. Yet, I might bring to the government's attention and more particularly to the attention of the post office authorities an anomaly concerning the salary paid to rural mail carriers and more particularly to those of the Roberval district.

At the present time, rural mail carriers in my country are paid an average of 20 cents a travelled mile. In view of the difficulties pertaining to that service, especially in winter and during the spring thaw, this rate is proving inadequate. Not enough considera-

tion is given to the fact that in various districts in the province of Quebec heavy snowfalls block the roads and increase the difficulties of rural mail delivery to the point where rural mail carriers have to put in four or five hours more on the road than during the summer season. As a result, these men are unable to do other work and, moreover, have to spend more on vehicle repairs and maintenance and, at times, have to rent expensive snowmobiles when winter storms make the use of cars impracticable.

As a result of the present system, tenderers bid prices that are too low. This tends to breed carelessness on the part of many contractors and, sometimes, favours the hiring of incompetent people. Serious dutiful contractors become discouraged and give up their routes, with consequent necessary replacements, mistakes and lack of service. Localities in remote areas, the most poorly provided for, are precisely those with the greatest need for rural mail service; they are also those where contractors have the largest deficits and where service is poorest.

Following an investigation carried out in my constituency, where lumbering is of primary importance, may I be allowed to offer a few suggestions with regard to the government's wish to review unemployment insurance legislation.

To my mind the primary object of the act, at this time, should be to extend unemployment insurance benefits to as large a number of people as possible.

As far as workers in the lumber trade are concerned, it would be better if the slack season were considered to extend from May 1 to September 30 instead of April 1 to September 30. There is very little lumbering activity in April, and very little either on the farm. Driving operations are generally carried out between May 15 and July 15. Should 160 days instead of 180 be required, lumbermen could receive benefits during April, when their needs are particularly great and work very hard to find.

As far as farmers are concerned, I believe that the off-season should be extended from October 1 to April 30, rather than March 31, and that an inquiry should be made to ascertain whether they have worked in an insurable employment during the active season, rather than ask them to make the present declaration in order to find out if their annual income has exceeded $2 net per day, so as to decide if agriculture is their main occupation. The method in use at present makes it too easy to present false claims and calls for penalties of such a nature as to create a great deal of trouble for people from whom a strict and orderly accounting cannot be expected.

These changes would, I am sure, help extend the benefits of unemployment insurance to all classes of citizens, which would be a great boon to farmers and lumbermen in particular over whose welfare I am especially concerned.

Mr. Chairman, as a native of the Lake St. John district, whose inhabitants have been given the nickname "the blueberries"—one that I accept with pride—I deem it appropriate, today, to call the attention of the right hon. Minister of Agriculture (Mr. Gardiner) to the acute problem raised by the marketing of that wild fruit which, though found elsewhere in the province of Quebec, on the north shore of the St. Lawrence river, in the Abitibi and the Timiskaming regions for instance, seems to thrive particularly in my district and especially in my constituency.

Blueberry picking has given such a return in the past that it has been called "the blue manna". And Roberval county is the greatest producer of blueberries in this country, which is why I must pay special attention to that question.

Besides its economic value, blueberry picking has a sentimental aspect, having even inspired musings of the highest poetical level, such as are found in "Maria Chapdelaine" and in "Menaud—Maître-draveur".

My colleague from Lake St. John (Mr. Gauthier) having put on the order paper of the house a resolution dealing with the marketing of blueberries, I will only touch on that subject today. Besides the aforementioned districts in the province of Quebec, we see that the provinces of Ontario, New Brunswick and Newfoundland are all interested in blueberry picking, which means that this question is getting more important all the time.

As a rule, blueberries are picked in the woods or on crown lands which are not supposed to be tillable. The people all go out and pick them more or less at random, because blueberry fields vary so much from year to year, and prices fluctuate considerably.

Our farmers' and workers' families, especially the larger ones, derive from blueberry

picking a revenue which often brings them security. In some cases a man will travel a hundred miles with his wife and eight children, to pick blueberries. That is an almost unique industry where a child is able to help increase his parents' revenue.

If I rise tonight, it is to urge upon the government the importance of that matter and attempt to arouse its interest in advance of the next picking season, which is likely to be next August and September.

I know this is mainly the responsibility of the provincial government, but I feel that joint legislation is called for.

As about 80 per cent of our blueberries are exported to the United States, I think the federal government, whose jurisdiction extends to interprovincial and international markets, will no doubt want to do its share.

In order to have an idea of the lack of stability on the blueberry market, I think I might well mention that, with regard to the crops of 1953 and 1954 in my district, each averaging about 10 million pounds, the price paid to the pickers was 20 cents a pound in 1953, and 10 cents in 1954. As to the demand, it remained more or less the same. It was good. This shows the lack of security of the pickers. It is due to several factors, some of which can be attributed to the pickers themselves, and others to the trade which is becoming less competitive from year to year, and lastly to the difficulties of marketing.

At Dolbeau, in my constituency, there is a blueberry freezing plant. That is the best method of packing this fruit for the market.

For the present, I shall ask but one thing from the Department of Agriculture: the establishment of a blueberry plant, under the supervision of horticulturists, under the jurisdiction of the federal experimental farm at Normandin, in my constituency. Pickers are taking an increasing interest in the growing of blueberries and as this crop is practically in its first phase, it is important that a special investigation be made on the spot. At Normandin, the soil is suitable for such an enterprise. I know that a similar experiment has been made at Tower hill in Charlotte county, New Brunswick, but since soil conditions and the consistency of the fruit are quite different, a similar experiment in the best Quebec blueberry growing district would be greatly beneficial I am sure to the people of the district who derive from blueberry picking between 2 and 2½ million dollars per year and who are anxious to increase their earnings. I know that such an undertaking would endow our horticulture with a fruit which, until now, has been picked in its wild state. Our people are anxious to see this undertaking carried out as soon as possible.

(*Text*):

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, those who have taken part in this debate and who have dealt objectively with the budget have proven fairly conclusively that it will not give very much material help to the average citizen of this country. The average Canadian citizen to whom I have reference is the one who provides the goods and services within our economy. I believe that fact will be amply proven to those who have made only a casual perusal of the budget address.

It is not my intention this evening, Mr. Speaker, to place once again on the record the many figures that have been mentioned in respect to the tax reductions. I shall leave these very revealing figures as they are now on the pages of *Hansard*. I repeat that the effectiveness of any budget must be viewed from the point of view of the contribution it makes to the over-all economy of this country. Now we have the general pattern. Certainly the budget falls far short of giving the stimulus that is needed, and is therefore not going to materially strengthen the general economy of the country.

This evening I should like to say something about the very keen disappointment that was felt by agricultural producers when they found that the budget contained nothing that was going to add to their prosperity in the coming year. They were anxiously waiting, hoping that the budget would contain a measure of recognition of that depressed industry. I say that because during the past five years agriculture has undergone a very difficult period, especially in the last year. The budget contains little or nothing for the agricultural producers, in spite of the fact that the other evening the minister told us there was to be a tariff reduction on the purchase of automatic bird-scaring machines. I am sure many farmers were delirious with joy when they heard that announcement.

Before saying anything further about agriculture I should like to take this opportunity, because of the latitude given hon. members in this debate, to say something about the Prairie Farm Assistance Act. At the outset I

should like to say categorically that I am certainly not opposed to, nor am I critical of, the act as such, but I believe that the past year's experience in parts of western Canada where the act applies indicates the need for more serious thought in order that the act may be brought up to date.

No legislation can long remain effective unless fundamental changes are made in it during changing times and changing conditions. I believe that no industry has changed more in the last 15 or 20 years than has the agricultural industry. I believe the great change and the great progress we have made over the past few years have come about because of the courage and the determination of the farmers themselves, rather than from any measure of help they have been given in order to permit them to make a decent return on their investment, let alone a profit commensurate with their investment and their labour.

Agriculture is possibly our most vulnerable industry because of the fluctuations in prices and costs with which farmers are confronted. In respect to the Prairie Farm Assistance Act, I have wondered during the past two or three years why no fundamental amendments have been made to it. I have talked to a great many farmers; I have had a great many letters from farmers suggesting that the benefits they receive under the act are limited to the point where they are of little assistance to them. It costs more to produce wheat today than ever before. That, of course, was the thinking that prompted this group during last session to introduce a measure which, had it passed, would have increased the benefits to the farmers.

I suggest that the government give some consideration to the proposal. Before the farmers would entirely agree to pay a greater deduction to the fund as their share, provided, of course, that the government paid a proportional share; before they would condescend to make that increase in the deduction in order to get further benefits, two or three amendments would have to be made to the act.

I suggest to the minister that in calculating the basis of eligibility he should take into consideration the dollar value of wheat rather than the bushel basis, as now is the case. In many areas of western Canada, especially in the northern areas, it is not possible to grow quality wheat. That is not altogether owing to climatic conditions; it is in large part owing to soil conditions. A bushel of No. 1 northern is worth a great deal more than No. 3, 4 or 5, yet in northern areas of the western provinces, owing to soil conditions, farmers are not able to grow No. 1 northern and No. 2 northern wheat. Therefore they get a smaller return per bushel than does the farmer who is able to grow high quality wheat in the so-called prairie wheat belt of western Canada. There is another disparity which could be carried even farther.

In the northern area, in spite of the fact that farmers there cannot grow quality wheat, they are confronted with a much higher cost of production. It is probably true that we grow more bushels per acre because of our more intensive agricultural methods. By the same token, we pay more into the fund; therefore we are confronted with two conditions. We are confronted with a poor quality product. We take lower prices. On the other hand, we are confronted with higher production costs.

These two conditions combined place us in a much poorer position than, for instance, the farmer on the Regina plains, but we both pay the same amount per bushel into the fund. I suggest to the minister that he take that into consideration when he is contemplating amendments to the Prairie Farm Assistance Act. I am sure if those recommendations were taken into consideration, farmers would be quite willing to make greater contribution to the fund in order to get an increased benefit from it, provided the government increased its contribution proportionally.

I should like to refer to a few other aspects of our agricultural industry. We have heard figures quoted over the past two, three or four years showing that agricultural income has fallen in the gross by 20 per cent and in the net by 30 per cent. We are bombarded on all sides with a great many figures one way and the other, from various sources.

When we consider these figures I think it is significant that we find that last year net farm income in this country fell by $300 million. The latest authoritative estimates we have for the period 1951-54 indicate that during that time net income has fallen by some 50 per cent. In 1951 the net income of Canadian agriculture amounted to $2,154 million, while the latest estimates from the best sources indicate that for 1954 the net farm income will reach only some $1,200 million, down almost a billion dollars.

These figures are alarming, and until our agricultural industry can return to some measure of prosperity we can look in vain for a solution to our unemployment problem and the economic depression which confronts Canada today. I say that without any hesitation whatsoever. Authorities tell us that three-quarters of the drop in the gross

national product last year was due largely to the severe losses suffered by agriculture. Those losses were reflected in retail sales across the country. During the six months' period from May to October retail sales fell by $129 million.

This three-quarters of the drop in our gross national product was not due to the poor wheat crop or because of the cut-back in agricultural production; it was due in its entirety to falling prices and lost markets. Is it any wonder that producers are critical and somewhat annoyed when government authorities are telling all and sundry that agriculture in this country is fairly bursting at the seams?

What must be done to stabilize this agricultural industry which is so important to the economy of this country? Possibly that question could be best answered by asking another question. What is it that our agricultural producers want? I should like to answer that question by saying that the agricultural producers of this country want nothing less than that they should be able to enjoy a standard of living equal to that enjoyed by non-agricultural workers.

What is the position? We find that in 1953 the average income of a farmer in Canada was $2,247. In the same period we find that the net income of non-agricultural workers averaged $3,122, almost $1,000 more. When I quote those figures I am not suggesting that non-agricultural workers should get less, but I do suggest that the agricultural producer is getting too little.

In the face of the complexities of markets and prices, what action should this government take in order to grapple realistically with this knotty problem? I believe that a completely new approach is needed. I suggest to the government that representatives of the farm organizations be given an invitation to sit permanently in Ottawa in an advisory capacity to the Department of Agriculture rather than to have, as we now have, an army of economic experts and oak-desk farmers attempting to advise the government. I am certainly not suggesting that all these economic experts should be eliminated, but I do suggest that you must have more than an academic realization of agricultural problems. I think if these two organizations were working together we would have much better results than we are getting at the moment.

Over the past year we have heard a great deal about efficient production from the so-called economic experts in the Department of Agriculture. Farmers are told by these people that they must pattern their operations on the modern, streamlined industrial machine methods, and they are never hesitant in holding up the automotive industry as a paragon of efficiency. They say that every farmer must become an efficiency expert.

In some respects I suppose that is true, but I wonder if it is not overdone. I wonder how efficient the automotive industry would be if someone else set the price for cars. I question seriously whether the millions of dollars spent in fancy advertising and other gadgets add much to the efficiency even of the automobile industry. I believe they are getting much of their so-called efficiency at the expense of the dealer.

I believe that farmers have really tried to achieve efficiency. They have tried all sorts of strategic moves in order to improve their standard of living. But in spite of the fact that they have bought larger farms; in spite of the fact that they have bought bigger and better machinery; in spite of the fact that they have improved their techniques, their economic position is slowly and surely deteriorating. This is due to a simple and elementary fact: the farmer has absolutely no control over prices or costs.

We need a new approach to the problem. I certainly endorse what was said this afternoon by the hon. member for Yorkton. I believe we must get back to what he termed the family-sized farm. Many people in this country fail to realize that to hundreds of thousands of farmers in this country farming is something more than just an economic entity to be exploited in order to make a fast buck. To hundreds of thousands of farmers in this country agriculture is a way of life, and they believe that way of life can best be experienced on the basis of the family farm.

However, under present agricultural policies it is impossible to return to that type of farming, in western Canada in particular. No farmer would consider such a thing, because it would be economically unrealistic. Operating costs coupled with present day living costs would rule it out. Yet if we are to prevent western Canada becoming either a desert of wheat, which is certainly most undesirable, or a series of vast syndicated farming enterprises, which is equally undesirable, we must consider the alternative.

We can return to the sensible, diversified family type of farm if we guarantee to the producer a decent standard of living. Support prices as presently administered are not going to do the job. In spite of the fact that over the years the government has maintained that support prices were underpinning our agricultural industry, I can think of no

other single piece of farm legislation that has so completely kicked the pins out from under agriculture than has the Agriculture Prices Support Act.

I am not going to say anything about foot-and-mouth disease, which was a national disaster and would have been taken care of as such, but during the past 10 years only $13,500,000 has been used to support agricultural products at minimum levels, and in most instances that support was not at the producer but rather at the processor level. So I would advocate a parity prices system on major farm commodities.

I would like to support the Canadian Federation of Agriculture on their proposal for parity prices. While I am not in agreement with flexible support prices—because I believe in full production, I could hardly go along with the principle of flexible supports—I think they are to be congratulated on accepting the parity concept as a principle. I can see nothing wrong with the 1925-29 base which they propose as a fair period for calculating parity, with possibly a few adjustments.

While I do not like flexible parity, I would not go so far as to suggest that every major commodity be supported at 100 per cent of parity at all times. I realize that there are some which at times might be above and at other times might be below parity. But I suggest that a diversified agriculture and the soil conservation which inevitably goes hand in hand with such a program can best be accomplished on a family type farm. I suggest, too, that most farmers would gladly diversify if their initial investment were protected by a forward price, based on parity, which would guarantee them an average return for the total number of products grown, which in the aggregate would represent parity.

Earlier I mentioned the loss of markets, both domestic and foreign. I suggest that there is a tremendous market for agricultural products right here in Canada, and I think we should exploit those possibilities. The government admit that they are unable to cope with unemployment. Certainly they are not prepared to enter into any large scale public investment program, but they are suggesting that they are prepared to provide a share of relief for the unemployed.

If the government are going to entertain such an idea as that, if they are going to give no consideration to a public investment program, and if the best they can do is to provide relief, I say that 600,000 unemployed in this country can consume a tremendous amount of the food that is grown in this country, and it should be made available to them. I would suggest also that food be made available at no cost to every Indian reservation in the Dominion of Canada. I would also suggest that food be made available at no cost to every welfare institution in this country, except possibly distribution costs.

What about the proposition of disposing of a tremendous amount of food in a school lunch program throughout this country? I am sure there are tens of thousands of children going to school in this country who are not getting enough milk, who are not getting enough butter, and who are not eating enough eggs. These are things which we now have in surplus. I believe we could use these surpluses, and when the surpluses have gone let us continue to provide that food for those children.

Then I suggest, if there is anything left, that the food be sold to underdeveloped countries of the world, with the stipulation that it be used in a similar school lunch program in those countries. I believe that illiteracy is the greatest stumbling block to progress in these underdeveloped areas of the world. Children attend school only for a very short time, if at all. I am told on the very best of authority that these children marry at the age of 12 or 14.

I also believe that the only people who are going to solve the economic problems confronting them in their own countries, the only people who are going to rebuild the economies of those countries, are the people who live in them. I believe we can help them do it by instituting a school lunch program. Instead of these children marrying when they are 12 and 14 and reproducing in turn the same kind of illiterate people, I believe that the result of a school lunch program would be that they would attend school until they were possibly 16 or 18. They would attend school in order to get food; they could get it no other way. In this way they would obtain the technical skills that are so necessary if they are going to rebuild their economy.

Canada, I believe, could accept for that food the currency of the country in which it was sold. We should not take the currency out of that country, but we should invest it there to build up their economic machine, and certainly we would have to provide the technical people to operate this machine for some time. But as these children came out of school at 18 years of age with the technical skills acquired by virtue of this school lunch program, they then would be able to take over the operation and management of those manufacturing concerns which our reinvested money would have provided by that time.

Such a program, I believe, is sound, and is one that would not only provide a tremendous

market at the present time and a greater market for agricultural products in the future, but it is a humanitarian forward step which we should take. It has great possibilities for future trade and greater possibilities, I submit, for the peace of the world.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, the presentation of the budget is an event of major importance, and one of intense interest to all Canadians both in and out of parliament, because we are all anxious to have a general picture of the nation's economy during the year under review, and also to get some idea of what it will probably be like in the year that lies ahead.

To help us understand the forces that are at work and their effect on our economy, the budget provides us with a breakdown of receipts and expenditures during the fiscal year just ended and a corresponding statement of the receipts and expenditures that are expected during the year that has just begun. In addition we are all interested in knowing what taxation policy the government intends to follow and what changes in taxes and tariffs are proposed.

As the budget under debate is the first the Minister of Finance has brought down since his assumption of office, I should like to congratulate him on the clear and concise manner in which he presented this information in his budget speech. The fact that his first budget has been so well received throughout the country must be a source of great satisfaction and encouragement to the minister. We are all grateful to him for the reductions in income tax and in corporation taxes, and it is particularly gratifying to me that income tax cuts have been spread in such a way as to benefit practically all Canadian taxpayers.

It is expected that the reductions in sales and excise taxes and tariffs will stimulate trade, and that the reduction in corporation tax will put Canadian manufacturers in a better position to meet foreign competition and enable them to invest more money in improved machinery and methods. It is hoped that the over-all result will be an upswing in the Canadian economy which will increase the number of jobs and help to solve the unemployment problem, which is still of serious proportions.

In my opinion this budget can best be described as an experimental budget, but it is also one that is both courageous and economically sound. The two main criticisms of the budget made by the opposition are, first, that the tax concessions are not big enough to be of much real help to Canadian business and, second, that it does not give enough tax relief to the little man.

The government's answer to the first criticism is that the decrease in corporation taxes is sufficiently large to establish a trend. The government cannot solve the nation's problems all by itself. All the government can do is set up as favourable an economic climate as possible, having regard to all the factors concerned. This is what the present budget is designed to do.

Our national problems cannot be solved unless Canadian business, labour and the general public take advantage of this better economic climate and co-operate with government in an effort to promote the general interests and economic welfare of the nation. The present tax concessions are plenty big enough to discover to what extent such co-operation will be forthcoming, yet still small enough to prevent any serious harm to the nation's economy should it be withheld.

The answer to the second criticism is that the bulk of our revenue from personal income tax is collected from people earning less than $5,000 per year. This group represents 85 per cent of all Canadian taxpayers. There are over 3 million taxpayers in Canada, but only 60,000 of them earn more than $10,000 per year. Hence there are really very few rich people in Canada.

Some people advocate that the government should get its revenue by soaking the rich. This is an extremely foolish idea, because there are not enough rich people to soak. If the government took every cent earned by the 60,000 taxpayers with incomes of over $10,000 per year, they would still get only $1 billion. The other $3½ billion would have to come from those who are not rich, those who are earning less than $10,000 per year.

Opinion on the deficit has been divided. Some feel that the deficit should have been bigger, while others feel that in a time of relative prosperity there should be no deficit at all. All that goes to show is that no matter what you do, you can never hope to please everybody.

As one whose constituents are nearly all fishermen, I should like to thank the minister also for removing the duty on fishing vessels over 100 feet long, and for the reduction of duty on certain equipment used in the manufacture of fish meal and in the precooking of processed fish. This assistance to the fishing industry will be welcomed by fishermen and operators alike. At the same time I regret that the minister could not find it possible to remove the sales tax on fuel oil used by all fishing vessels. The removal of this tax would help considerably to lower the cost of fish production, and I trust the minister will keep it in mind for further consideration when the next budget is being prepared.

I should also like to commend the minister on his proposal to set up a royal commission to study those factors which are likely to exert a major influence on our economy in the next decade or two and to try to determine, as far as possible, what the results of those influences are likely to be. In a young country like Canada, with great untapped natural resources and a vigorously expanding economy, such a periodic study is vitally necessary in order that government policy may be adjusted to permit maximum advantage to be taken of all those influences that are favourable to our economy and to help minimize the effects of those influences that are unfavourable. It seems to me that the present time is most appropriate for such a study, now that our economy has paused to level off and consolidate itself before starting again on its upward trend.

It is all the more appropriate in view of the fact that large-scale use of electronic brains and other forms of automation will soon be introduced into our factories, and the time is not far off when atomic energy will be available to industry on a competitive basis with power from other sources. The effect of these two forms of scientific progress is not easy to foresee but we can be sure that it will be far-reaching.

In the past, improved manufacturing processes, cheaper production methods and greater output have always resulted in creating more jobs than were destroyed. This may very well hold true for the future. Increased use of automation will certainly result in an expansion of all phases of the electronics industry, with an increased demand for highly-trained technicians. Cheaper cars will make them available to more people, and it may well be that the extra jobs created in connection with repairs, maintenance and servicing will more than offset the reduction of jobs in the factories.

On the other hand, some temporary displacement of labour may result, whereby workers no longer required in factories would have to be retrained for jobs created elsewhere. The mobility of labour is already an acute problem, since people out of work in one place have become so immobilized that they are not in a position to accept jobs that are available in another community.

It is also an unfortunate fact that the primary producer has never benefited directly from technological advances to the same extent as those who are engaged in secondary industry. This is mainly because the bulk of scientific invention is related to the secondary industries. The workers employed directly in those industries, being more strongly organized, have by reason of those advantages been in a better position to secure for themselves a larger share of the increased wealth which science has made possible. Since automation and atomic energy are also likely to find a much wider application in the secondary than in the primary industries, the advent of those two new factors may very well increase the disadvantages under which primary producers now suffer.

It should be remembered that without the primary producer there could be no worthwhile secondary industry at all. Furthermore, the factory worker would not be able to work in the large factory and engage in mass production methods unless the farmer and the fisherman worked to provide him with food to keep him alive. The primary producer is, therefore, entitled to a much fairer share than he has hitherto received of the increased wealth which technological progress in the secondary industries makes possible. I hope, therefore, that the commission will examine this problem and try to determine how the position of the primary producer can be improved.

Another question of major importance is the extent of government responsibility in finding a solution to the economic problems of our nation. This is a point upon which there seems to be a great deal of confused thinking. I hope it will therefore be included in the commission's agenda. Since my election to parliament six years ago I have become increasingly alarmed at the extent to which the government is being pressured to accept all responsibility for the political, economic and social welfare of our nation.

A few days ago a conference of provincial premiers was held here in Ottawa. Like most hon. members, whenever I had a spare moment between committees and appointments I sat in on that conference and listened to what the provincial premiers had to say. The fact that struck me most forcibly at that conference was that all the briefs I heard presented were based on the premise that such things as unemployment, housing, health insurance, trade, marketing, industrial income, individual income and general prosperity were primarily the responsibility of government. The main problem to be settled seemed to be how this responsibility should be divided between governments at the provincial and federal level.

I do not share that view at all, Mr. Speaker. I think it is a false premise. We all know that it is impossible for governments alone to provide these things. No matter how earnestly and sincerely they strive or to what degree they co-operate, the fact still remains

that the provision of these things lies largely outside the scope and power of governments altogether. I believe the responsibility for these matters belongs primarily to free enterprise and the role of government is a secondary one, namely to provide the kind of economic climate necessary to enable free enterprise to discharge its responsibilities to the nation. I am a firm believer in free enterprise which, according to my definition, includes labour as well as management.

In my opinion the economic problems of the nation should first be studied by a conference of leading industrialists, top management and the representatives of labour. After their proposals have been drawn up, then they should be studied by a conference of the federal and provincial governments to determine how they can best co-operate to provide the maximum assistance to enable free enterprise to carry out its responsibilities.

I know this will sound very naïve to my socialist friends, because socialism is based on the assumption that human nature cannot change. They therefore contend that capitalists are greedy and selfish; that they are motivated by self-interest; that they will never accept their responsibilities to the nation, and for that reason capitalism should be replaced or at least controlled. On the basis of the same assumption the communists go a step farther and say that capitalists should be destroyed altogether.

I happen to know that human nature can change. In many parts of the world, in Europe, in India, in the United States and here in Canada, there is abundant evidence that even industrialists and capitalists can change and accept responsibility for the needs of their employees and the needs of the nation. Right here in Ottawa there lives a businessman who is one of the pioneers in this new dimension of thinking for business and labour. He is a baker, and he accepts responsibility for providing the nation with good, nourishing bread at the lowest possible price commensurate with high quality. As an employer he accepts the responsibility of caring for the needs of his employees. In co-operation with Central Mortgage and Housing Corporation by giving his employees the benefits of the purchasing power of his firm and the services of his accounting department, he thus enabled them to become owners of high quality houses at a greatly reduced cost. As a result of this experiment the city of Ottawa has enlisted his services to provide low-rental housing for citizens in the low income brackets.

This businessman has also instituted a plan of health insurance which includes not only his employees but their whole families. Thus he has removed the two greatest fears that haunt the ordinary worker, namely the fear of inadequate shelter and the fear of sickness. As a manager his business is run on a democratic basis by a management committee. Before any new policy is initiated it is hammered out with the heads of each department on the basis of what is right, and not who is right.

The businessman to whom I have been referring is Mr. Cecil Morrison of the Morrison-Lamothe Bakery, Ottawa. If any hon. members are interested, I am sure Mr. Morrison would be only too glad to have them visit his bakery and get firsthand information about the things I have just mentioned. Speaking to a group of friends in Los Angeles a few days ago Mr. Morrison had this to say:

> Marian Anderson at Palm Springs said, "It is now becoming normal for artists of the theatre no longer to glamorize the problem but to dramatize the answer and live it."
>
> It is the same with business and industry. We must get a whole new conception of our function and basic motives where it becomes normal for business to emphasize its ideology and live it by putting the service to the public, the care of the workers and the best interests of the nation first, with profits only the by-product. With this conception business and industry would soon become the greatest ideological force in the nation—the very hope for the future. Because where governments deal in millions industry deals in billions.
>
> The philosophy of Moral Rearmament is that the wealth and the work of the world are available for all and the exploitation of none. Dr. Frank Buchman says, "There is enough in the world for everyone's need but not for everyone's greed and if everyone cares enough and everyone shares enough everyone will have enough."

Mr. Morrison went on to say:

> We plan for expansion and new prosperity but we live in fear of depression and unemployment. We try to meet the united plan and passion of alien ideologies with talk and lip service to high ideals but with a last resort to strikes, lockouts and force. Then we hope to live as we always did, selfishly, comfortably and undisturbed.
>
> The great hope for industry lies in this great principle of changing and uniting on the level of an answering ideology as found in Moral Rearmament.
>
> Technology, manufacturing efficiency and organization are of little lasting value unless they are used for the good of humanity and not for the benefit of the few. Our leaders in industry and labour must be prepared to make industry strong morally and spiritually and to take our rightful place in the responsibility for the solution of national and world problems.

He goes on to say:

> If we could bring the guidance of God's holy spirit and the four absolute standards as the normal for industry we would learn how to work to live instead of only living to work and the busy, busy, busy businessman would become the statesman of the future and the architect of the atomic age instead of a slave to his own selfishness.
>
> With this spirit instead of being the enemy and the target of attack for communism or socialism, industrialists will become a challenge and an inspiration. We businessmen can become the heralds of the new world order, inspiring and

encouraging cabinets and parliaments to make government of the people by the people a reality first in our own nation, then in every nation in the world.

This, then, is the pattern of the free enterprise of the future, because freedom of enterprise is bound up with the freedom of the individual, and neither can remain free unless each accepts the full measure of responsibility.

Speaking at the federal-provincial conference a few days ago Hon. J. R. Smallwood, premier of Newfoundland, posed the problem of the development of Canada's extremities, with particular reference to the underdevelopment of the Atlantic provinces. He admitted that he did not know the answer, but whatever it was it would have to be something big, something far bigger than anything ever yet experienced in our nation's history.

I submit, Mr. Speaker, that the answer is free and responsible enterprise working out the vision described by Mr. Morrison to his friends in Los Angeles; and I have sufficient faith in human nature to believe that Canadian enterprise will rise to the challenge.

Mr. H. J. Murphy (Westmorland): Mr. Speaker, I am very pleased to take part in this debate because it affords me the opportunity of bringing to the attention of the house once again the desirability of the construction of the Chignecto canal. To present the arguments for the Chignecto canal I must go back into the history and economic development of New Brunswick.

My province has not progressed since confederation to the same extent as other provinces in Canada. This central government at Ottawa has had about 80 years of experience in administering the affairs of the nation, and has done remarkably well. But a comparison of figures showing population, industrial development and wealth indicates that the central provinces have gained most by the institution of the central government.

Some 80 years before this central government was established the legislature of New Brunswick was meeting in Saint John, New Brunswick; and it appears from the records that we in New Brunswick from that time—1784—until confederation administered the affairs of New Brunswick very well. It is a fact that at the time of confederation New Brunswick stood second from the top in terms of employment in industry and opportunities for labour, and that the wages paid were high.

When New Brunswick was convinced that confederation was best for all of Canada, it became part of the dominion. About the same time that the legislature of New Brunswick first met in Saint John, the boundaries of that province were being drawn over in Europe. I do not believe it was intentional; I believe it was because of ignorance of the geography of the eastern part of Canada that the boundaries of New Brunswick were drawn so that we had a corridor thrust between the maritime provinces and the rest of Canada, which makes it appear that either geographically we are in the wrong country, or that the state of Maine should belong to Canada.

It is also a fact that previous to confederation most of the trade in the maritimes, and especially in New Brunswick, was with the New England states. After confederation the industries of New Brunswick suffered a decline. Recently in this house there was a discussion on seasonal or cyclical unemployment, but a comparison of figures shows that in New Brunswick we can talk of century unemployment. In 1875 one out of every five industrial workers in Canada was employed in the province of New Brunswick. In 1946 this figure had dropped to one out of 17. In 1871 the industrial wages paid in that province were the highest of any province. By 1946 industrial wages in New Brunswick were the second lowest of any province of Canada. For example, in 1871 the industrial wages paid in Ontario were less than those paid in New Brunswick. By 1946 Ontario's wages were three times as high as ours.

In bringing a project to the attention of parliament it is somewhat difficult for us from New Brunswick to exert the influence in this house that we exerted at that time. At one time we had 15 members of parliament from New Brunswick, and the representation from all the country was much smaller than it is today. Now we have only 10 members in a much larger house. It has been said in this house that the maritime provinces have been exporting people and brains. Perhaps that is why we have not such good representation as we had at the time of confederation. Of course, this could be an accident of settlement. Canada was settled in the east. The University of New Brunswick was established in 1800. In New Brunswick we were turning out scholars before most of the western provinces had legislatures.

An hon. Member: Many of them have come west.

Mr. Murphy (Westmorland): I understand they have done well there.

The Chignecto canal would afford a sheltered route from the great cities of Canada to the seaboard states of the United States. In time of war this would be valuable

as a defence measure. I feel that if the Chignecto canal had been constructed before the second world war the saving in costs of assembling convoys would have paid for its construction in less than a month. It has been pointed out to me that all parts of the maritimes might not want the canal. That is understandable. I could not expect the great winter port of Halifax to be enthusiastic about the project, but the canal should be viewed as a national project. There was a time when it was a maritime project, but now it should be viewed as a continuation of the St. Lawrence seaway and as a national project. The majority of the people in the maritimes, and especially in New Brunswick, are very much in favour of the construction of the Chignecto canal.

At this point I might say that one of the greatest supporters of the Chignecto canal has been the city of Saint John, New Brunswick. A member of the legislature from Albert has spoken in support of it at Fredericton. Just the other day in this house the hon. member for Saint John-Albert (Mr. Bell) called upon other hon. members from New Brunswick to support a project that he was supporting. I feel that this is also a time for him to speak up in support of the Chignecto canal. I do not mean that I am debunking the value of the Beechwood project in New Brunswick. When the hon. member for Saint John-Albert challenges me to speak on something that will be of benefit to New Brunswick it is like challenging me to eat my dinner. I do not have to be asked to do that. I am in favour of anything that is of benefit to the province of New Brunswick.

Mr. Speaker: Order. It is now ten o'clock.

Mr. Murphy (Westmorland): I move the adjournment of the debate.

On motion of Mr. Murphy (Westmorland) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, when we tried to decide on the most expeditious manner of disposing of this debate, hon. members opposite suggested we might continue it throughout this week if necessary. I made it known, sir, that it was not possible for me to be here tomorrow. Nevertheless it was decided that the debate might go forward, and should there be a vote on it tomorrow in any form this is to notify you that I shall not be able to participate in it.

Mr. Knowles: How would you vote?

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

HOUSE OF COMMONS

Tuesday, May 3, 1955

The house met at 2.30 p.m.

FREIGHT RATES

INTERIM REPORT OF TRANSPORT COMMISSION ON EQUALIZATION

Hon. George C. Marler (Minister of Transport): Mr. Speaker, I wish to table copies in English and in French of the interim report of the board of transport commissioners on the equalization of freight rates.

This report is a summary account of what the board has done up to the present in the matter of the equalization of freight rates. Technical details of the class rate equalization have been omitted from this report, but will be found in the board's judgment and order dated March 1, 1954, and the subsequent notes and reasons for judgment dated February 28, 1955.

HOUSE OF COMMONS

REPORTED FREE DISTRIBUTION OF LITERATURE BY SOVIET REPRESENTATIVES

On the orders of the day:

Mr. J. H. Ferguson (Simcoe North): I should like to ask a question of the Prime Minister. Is he aware that literature is being distributed, free, by Soviet representatives to members of parliament bringing very forcibly to the attention of the members the Soviet side of the story—which is incorrect—on matters pertaining to world affairs? If he is aware, has the Prime Minister read the document in question?

Right Hon. L. S. St. Laurent (Prime Minister): I am not even aware that the document has been received in my office, and I am not aware that it has been received by others, so I cannot give the hon. member any information about it.

Mr. Ferguson: I will be very glad to see that the Prime Minister receives the document, which is marked, very distinctly, "free".

POST OFFICE DEPARTMENT

REPORTED THEFT FROM OFFICE IN QUEBEC CITY

On the orders of the day:

Mr. J. Wilfrid Dufresne (Quebec West): Mr. Speaker, I should like to ask a question of the Acting Postmaster General. Is he in a position to give a statement to the house regarding the theft of around $7,000 from a downtown post office of Quebec city during the last week end?

Mr. T. A. M. Kirk (Parliamentary Assistant to the Postmaster General): The office has reported just recently that their officials and the city police have full details of the robbery. City police and officers of the department are making an investigation.

COMBINES INVESTIGATION ACT

PULPWOOD—QUESTION AS TO SCOPE OF INQUIRY

On the orders of the day:

Mr. Bona Arsenault (Bonaventure): Mr. Speaker, I should like to ask a question of the Minister of Justice. Could the minister tell us whether the inquiry by the combines investigation branch into the buying of pulpwood and into prices paid for pulpwood, to farmers and settlers, will be extended beyond the Gatineau district of the province of Quebec, in respect of which district the hon. member for Gatineau (Mr. Leduc) originally raised his complaint?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I wish to thank the hon. member for having given me notice of his intention to ask the question he has just asked. In fairness to the parties involved in an inquiry, and also in the interests of the inquiry itself, it is not the general practice to make statements about an inquiry unless and until a report is made and published. On March 4, therefore, I said in reply to a question by the member for Charlevoix (Mr. Maltais) that it would be impossible to anticipate the districts throughout which the inquiry would extend; and indeed might be detrimental to the inquiry to try to do so.

For these reasons, I can only reply now to the member for Bonaventure that the inquiry will be extended as widely as the information received by the combines branch justifies.

NATIONAL DEFENCE

DISTANT EARLY WARNING SCREEN—SOVIET BOMBING TECHNIQUE

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, I should like to ask a question of

the Minister of National Defence. Will the minister comment on this morning's radio report that the Soviet air force has developed a new bombing technique that will render the proposed distant early warning line ineffective. In view of this report, is the government reconsidering its participation in the construction of the D.E.W. line?

Hon. R. O. Campney (Minister of National Defence): Mr. Speaker, the hon. member gave me notice of his question, but since I did not hear the radio report to which he has alluded I cannot make any comment.

INDUSTRIAL STATUS OF WOMEN

INQUIRY AS TO INTRODUCTION OF LEGISLATION AT PRESENT SESSION

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to address a question to the Minister of Labour. Will the minister inform the house whether the policy of the government has changed to conform with the support given by the director of the women's bureau to the principle of equal pay for equal work, as reported in the local press last week end? If so, does the minister propose to bring down appropriate legislation during this session?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I have not seen the press report to which my hon. friend refers.

[*Later:*]

Mrs. Fairclough: Mr. Speaker, I should like to follow up my previous questions to the Minister of Labour now that he has had an opportunity of perusing the article to which I referred. Would he answer my former questions: first, is the principle of equal pay for equal work now the policy of the government and, second, when may we expect legislation?

Mr. Gregg: I thank the hon. member for sending me the clipping, which I have now read. The head of the women's bureau was expressing her own opinion in a discussion carried on at a women's convention. If the government changes its position with regard to this matter an announcement will be made if and when a decision is arrived at.

EXTERNAL AFFAIRS

INDO-CHINA—REPORTED INABILITY OF TRUCE COMMISSION TO OPERATE

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): Last Friday the hon. member for Prince Albert asked a question concerning freedom of movement in North Viet Nam, a matter which has aroused very considerable interest throughout the country, and I should like to make a statement on it now, Mr. Speaker.

The situation with respect to freedom of movement for refugees from Viet Nam, which was provided for under article 14(d) of the armistice agreement, is not satisfactory, nor does the international supervisory commission regard it as so; certainly the Canadian member on that commission does not.

The commission announced early in February last that it had found that the procedure to ensure this movement by the issue of travel permits was cumbrous and complicated, and that fears current among the population in North Viet Nam had tended to make them reluctant to apply to the authorities for such permits. Action was taken by the commission which it was hoped would facilitate the proper and more effective implementation of this part of the agreement. However, reports to the effect that people in North Viet Nam were still being prevented from exercising their rights of freedom of movement have persisted. Therefore the international commission recently sent three further mobile teams, on each of which of course there was a Canadian, to make a special survey of those areas in North Viet Nam concerning which complaints had been made. On the basis of the reports of this survey, the commission is now determining what further action is necessary.

There are, Mr. Speaker, of course, limitations on the effectiveness of international inspection by the commission in this and in other matters. Some of these limitations are inherent in the cease-fire agreement itself. It reflects the fact that the commission is not a supra-national body, that it does not have any executive responsibilities with respect to the carrying out of the agreement and that its inspection teams do not in any sense constitute international police detachments. The commission can only operate with the effective co-operation of the parties to the agreement and it does not always receive that co-operation, especially in this question of freedom of movement, from the communist government in North Viet Nam, and that is the main reason why in this matter the results have been disappointing, to say the least.

I would not wish anyone to think that our representatives on the international commission for Viet Nam are satisfied with the way the freedom of movement provisions of the armistice agreement are being carried out. They are not satisfied, and the government fully shares that dissatisfaction. Our views have been stated very clearly in the

international commission in Viet Nam, and have, I think, had some effect on the decisions of the commission.

If one of the parties to the agreement is evading its clear obligations and responsibilities with respect to the freedom of movement for civilians, it is not going unnoticed by our representative on the commission or by the government. But this is not a situation, I suggest, which will be solved merely by letting off steam. We are convinced that in order to ensure that the provisions of the agreement are carried out to the greatest degree possible in the circumstances, we must continue to work through our representative on the commission in the same manner as we have done over the last eight months, pressing for better performance in every way possible and exposing violations when they can be detected. That still seems to us to be the most likely method of ensuring that the greatest possible number of people who wish to do so can leave North Viet Nam for the south.

There have been suggestions in some quarters that Canada might withdraw from the commission as a gesture of protest about the way the commission has been prevented from correcting the situation with respect to freedom of movement. Such a move would, however, prejudice also the fulfilment of the main military provisions of the agreement, thus creating new tensions and possibly jeopardizing the maintenance of peace, not only in Viet Nam but also in the neighbouring countries of Laos and Cambodia. Nor would our withdrawal be of any assistance whatsoever to those in North Viet Nam who want to leave. Indeed, it might eliminate any remaining hope that their lot might be alleviated. We must, therefore, keep our sense of perspective in this matter, but without condoning or forgetting some of the terrible things that are being done.

A question was asked also by the hon. member for Prince Albert the other day as to the possibility that the time for freedom of movement for refugees might be extended beyond the terminal date, which is May 18, I think. The commission is actively concerned with finding ways and means of ensuring that this provision of the cease-fire agreement is properly implemented, and it will, I am sure, consider the possibility of an extension, if necessary; but any extension of the period would require the concurrence of both parties to the cease-fire agreement, whose full co-operation would be required if an extension were to provide a real solution to the problem.

I tabled today, Mr. Speaker, copies of the first interim reports of the commission for Viet Nam and the second interim report. But I should like to point out now and emphasize that the reports of the commission were in each case prepared by the commission as a whole, including the Polish and Indian members as well as the Canadian representative. It may be that these reports, therefore, do not reflect entirely our dissatisfaction with the freedom of movement position.

I understand that the Viet Nam commission has recently completed a third interim report which is now being forwarded to the Geneva conference powers, as indeed the first two have been. In connection with the submission of this report, steps have been taken by the Canadian representative to ensure that the unsatisfactory situation with respect to the carrying out of the provisions in the agreement for freedom of movement for the civil population will be given special attention.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I want to thank the minister for delaying until today the making of this report. I should like to ask him one or two specific questions arising out of his statement today, as well as out of the two reports of the commission.

Has he noted in an article by Ainslie Kerr the following matters as examples of flagrant breaches of the agreement, and does he know whether or not these examples are actually correct in fact? The first is, is it a fact that communist Viet Nam guards have made Indian committee members surrender, at bayonet point, documents handed to them by the inhabitants of North Viet Nam who had prepared those documents in pursuance of the Geneva agreement? Is it so that masses of military equipment and red troops are pouring into Viet Nam contrary to the agreements that were entered into at the time of the truce? Is it so that even our Canadian inspection teams are denied the opportunity to inspect without first giving notice, thereby denying anything in the nature of factual inspection? If he has seen that, will he also say what has been the nature of the protest to which he alluded in his statement? To whom are the protests made and approximately when was the last date of such protest?

Mr. Pearson: I am not able to confirm in all its detail the accuracy of the report to which my hon. friend has referred. We are trying to get specific information from Viet Nam on these three points. However, I think I can say that it is probably an exaggeration to indicate that Chinese troops are pouring into Viet Nam across the borders. Reports cannot be entirely conclusive in these matters because of the nature of the situation, but there is nothing in the reports we have received which would warrant that conclusion.

I have said already that there is an unsatisfactory situation with regard to freedom of movement, but that is as far as I can go in regard to details.

So far as the other question is concerned, when any complaint comes to the attention of the commission or to the attention of our representative on the commission he makes his position clear to the other members. Very often as a result of the attitude taken by our member or by some other member of the commission steps are taken to correct a situation, but the government on the spot in North Viet Nam has the responsibility of taking the actual executive remedial action. Of course there is difficulty at times in ensuring that that is done.

I do not know that I can go beyond that. Our member on the commission has to work with the other members. Naturally we hope that the commission will act unanimously in all these matters. While we do make our position known and when a complaint is justified we make a complaint; nevertheless we do try to work with the other two members of the commission.

Mr. Diefenbaker: Would it not be possible for the Canadian member, particularly when he is such an able administrator as Sherwood Lett, to make a minority report so that this situation could be brought to the attention of the world. Secondly, I should like to ask whether it is not a fact that the rate of evacuation at the present time from North Viet Nam is such that there will be several hundred thousand who would like to get out of that country but who will be denied an opportunity to do so unless there is an extension beyond May 18.

Mr. Pearson: As to the first point, I would ask the hon. member to suspend judgment until he sees the third report of the commission, which should be printed shortly and which I think will deal with the point he has mentioned. On the second point, I think it is true that if the date of May 18 is reached without a further extension there will be substantial numbers of people in the north who may not be able to get to the south. It is also true that several hundreds of thousands of North Viet Namese have left that part of Viet Nam for the south in recent months.

Mr. Roland Michener (St. Paul's): Mr. Speaker, I should like to ask a supplementary question. In connection with the restriction of movement to which the minister has referred, has he any information that other than North Viet Namese are concerned? In other words, are there any Canadian citizens involved or are there non-Viet Namese who are restricted in their movements?

Mr. Pearson: No, we have no information that any Canadians have been prevented from moving from the north to the south. There are some Canadian missionaries in the north who are doing an heroic and most useful work in that part of Viet Nam at this time, but they are there of their own free will.

Mr. J. M. Macdonnell (Greenwood): Having regard to what the minister said about the hope that the commission would be able to work unanimously, has that in fact been the case or can they act by majority?

Mr. Pearson: In some matters the commission can act by a majority vote but in other matters there has to be unanimity. It has been felt by our representative on the commission that wherever possible he should try to get the support of the other two members in order to make sure that any recommendations which are made would have a better chance of being executed by the government concerned.

Hon. George A. Drew (Leader of the Opposition): Growing out of the question, but not directly part of the discussion, may I ask the minister of external affairs if he can give us any clear picture of the present situation in regard to the government of Viet Nam, which is so closely related to this whole problem?

Mr. Pearson: I promised the hon. member yesterday that I would do that as soon as there was some further information, but we have received nothing since yesterday to permit me to add anything to what I said then, namely, that the members of the commission seem to be safe and in good condition. We have had no reports of any Canadian casualties.

The situation with regard to the civil disturbances is most unfortunate. As I indicated yesterday, the Diem government seems for the time being at least to have established its control over Saigon and the immediate vicinity. There is nothing I could usefully add on that matter to what has appeared in the press.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, May 2, consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the

amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. Coldwell.

Mr. H. J. Murphy (Westmorland): Mr. Speaker, when the house adjourned last evening I was referring to the Chignecto canal and I should like to complete my remarks on that subject. Before I do so I should like to bring to the attention of the house something I have read since last evening of the third annual report of the Colombo plan. On page 119 the following appears:

> The Canadian parliament voted $25·4 million for use under the Colombo plan in 1954-55, making a total of approximately $102 million which has been made available by Canada for capital and technical assistance in the first four years of the plan.

And then on the following page, under "India":

> 6. Some parts of the 1954-55 program for India are still under discussion. However, to date India has been allocated approximately $49 million in Colombo plan assistance from Canada.
>
> 8. Another project which is to be assisted by Canada is the Umtru hydro-electric scheme in Assam. Canada will provide electrical equipment to an estimated amount of $1·2 million.
>
> 10. Other projects in India are being examined by the Canadian authorities, including the possibility of supplying a number of small thermal power units for use in a number of communities spread widely throughout India.

And then under "Pakistan":

> 11. However, to date Pakistan has been allocated a total of approximately $33 million in Colombo plan assistance from Canada.
>
> 12. As mentioned in the 1953 report Canada has undertaken to participate in the construction of the Warsak dam in northwest Pakistan. Up to the present $5·4 million has been earmarked for the purchase of hydro-electric and related equipment.

Under "Ceylon", on page 122, I find in item 17:

> To assist in the development of the port of Colombo, electrical and other equipment up to a value of $400,000 will be supplied by Canada.

On page 48 of this report I find mention made of several projects. One is the Nangal dam and the Nangal canal. Also mentioned is the Kakrapara canal system.

I thought that this was an opportune time to bring to the attention of this house the Canadian money that is being spent under the Colombo plan for the development in India, Pakistan and Ceylon of canals and dams, similar to what we are asking for in New Brunswick. I feel that we in New Brunswick are as worthy of assistance as anybody outside of Canada, and we should be given the same break as the people of India, Pakistan and Ceylon. At least, we should be regarded as a friendly country.

If you will look at a map of the sea lanes, you will find sea lanes coming out of the St. Lawrence river and going around the maritime provinces to the ports of New York and Boston and the cities farther south. To say that the St. Lawrence seaway will not benefit the province of New Brunswick is in my opinion true, and especially in my own constituency of Westmorland, where the Canadian National Railways shops and offices are located. That may mean a lessening of rail traffic, because in the wintertime and even at other times of the year a considerable volume of goods is shipped from western Canada and the central provinces to Halifax and Saint John by rail. It is in the interests of Canada, and we accept the fact that the St. Lawrence seaway should be built, but I do not think that the applause for building this seaway should be so loud that notice should not be taken or arguments heard for the continuance of the seaway by building the Chignecto canal.

In case there are some hon. members who are not familiar with the geography of the maritime provinces, I want to tell you that the province of Nova Scotia is connected with the province of New Brunswick by the isthmus of Chignecto. This isthmus is 18 miles wide and separates Northumberland strait from the bay of Fundy, so that a ship coming out of the St. Lawrence seaway through Northumberland strait must go around the entire province of Nova Scotia, an additional distance of 500 miles, to reach the ports of the eastern seaboard. Another matter which occurs to me is the part that is to be played by the United States in the construction of this seaway. I have often heard it said, "Let us be fair". Then let us be fair to the Americans. We should complete the seaway by the construction of this canal so that, after they have paid for so much of the cost of the construction of the St. Lawrence seaway, they will not be cut off from the use of their eastern ports by the isthmus of Chignecto. If this isthmus were pierced by a canal, the ships from Chignecto could go to New York through Chignecto with their loads of grain and continue to South America, discharging or taking on cargoes in passing. It seems to me that, as far as use by the ports of Portland, Boston and New York of the St. Lawrence seaway is concerned, such use will be very limited. The St. Lawrence seaway has been put over on the Americans in that they did not insist on the construction of the Chignecto canal.

This year there will be a ferry running from Yarmouth to Portland, and I understand that this ferry will be able to carry approximately 150 cars. The trip from Yarmouth to Portland is 700 miles by land; by sea, I understand, it is somewhat less than

200 miles. Now, the people of Yarmouth and that part of Nova Scotia near it are going to have the advantages of shipping their produce to the markets of New England by the use of this ferry from Yarmouth to Portland, but the people on the north side of the isthmus, along the northern coast of Nova Scotia, the eastern coast of New Brunswick and Prince Edward Island, are being denied the use of the sea route to the United States ports by the failure to build the Chignecto canal.

I have spoken in this house every time I have got the chance about the Chignecto canal and, to tell you the truth, I have not got much further ahead than when I started with the process of construction. So I was going to ask that this house institute an investigation, a survey, a commission, or some board, to look into all the aspects of the construction of the Chignecto canal so that we will know once and for all whether or not we can look forward in the near future to the construction of this canal, and by the same token we will know what our economic possibilities are in New Brunswick.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the presentation of the budget provides one of the annual dramas in the House of Commons. We have few of them indeed in a normal session of parliament, and we all look forward to the presentation of the budget. The task that falls to the opposition following the presentation of that budget is not always a dramatic one, but it is a highly important one in relation to the whole purpose of our parliamentary institutions. In no particular of its responsibilities in any normal session does the opposition rise to a higher duty than in relation to the examination of the government's budget.

It is true that in the house, constituted as this one is at present, the government wins the vote. But it is equally true that in relation to the kind of budget we are discussing here today the opposition wins the debate. But what of the people? The Canadian people from this budget will glean but little benefit, but they will glean something of benefit from the debate in which the proposals of the government are examined.

I wish to be fair to the minister. This is his first budget, and one would of course wish to congratulate him upon the opportunity of presenting the budget. He had to face conditions that were not entirely of his responsibility. He has been Minister of Finance for the last nine months only of the fiscal year which closed a month ago. However, as to previous budgets, the Minister of Finance must bear his share of responsibility as a member of the government for some years past in relation to the shortcomings of previous budgets and the effect they have had in creating the type of situation with which the Minister of Finance found himself confronted when preparing his budget proposals introduced in this house a month ago.

May I say that we are looking forward to a vote this afternoon upon the amendment to the amendment. As the amendment introduced by the hon. member for Rosetown-Biggar (Mr. Coldwell) is quite in keeping with the policies that have been set forth in this house on behalf of Her Majesty's loyal opposition, we of the official opposition intend to give our support to that amendment.

In the approach to any budget some fair and proper questions to ask ourselves are these: What is the principle of the budget? What does it seek to accomplish? What are the principal features of the problems that it envisages and what is the general nature of the solutions that are offered? If one submits the present budget to that type of scrutiny, one will find oneself unable to find a clear answer. The fact is that this is not a clear budget. It has no clear view of the problems of the day and consequently it has no clear-headed approach to them.

This is a budget without any pattern. This is a budget that is not founded upon any principle. So far as the minister's comments upon it are concerned, it is a budget that proceeds from one denial to another. His comments upon it were all of a negative nature. It is not dictated by Keynesian economics; it is not intended to meet the problem of unemployment; it is not this and it is not that.

After the closest examination of the budget and of the minister's comments upon it, one can only conclude that this budget is the product of muddled thinking, confusion, indecision and fear on the part of the government to admit the existence of problems with which the taxpayers and the people of this country are all too familiar. It was therefore highly proper that *The Economist* in its issue of April 19, in a letter from its Ottawa correspondent, should make this observation upon the budget:

> On the assumption that Canada needs some stimulus to get back to its proper rate of expansion after last year's modest setback, this financing of tax cuts out of deficit is easily defensible. The budget speech in fact made it perfectly clear that this was the intention. But the government refuses to say so explicitly. It has never admitted that anything was wrong with the Canadian economy that required artificial stimulus, and it will not do so now. It would rather do good by stealth. The result is to leave it without any logical defence of the plunge into deficit financing.

Hence we have an approach to problems based not upon the admission of the existence

of problems but upon stealth. So this budget has no pattern and it has no principle; indeed, it is neither flesh nor fowl nor good red herring.

What are to be the effects of this budget? We do not know, Mr. Speaker, because the Minister of Finance (Mr. Harris) will not tell us what were the intended effects of it. But we have had some interesting observations upon it. Mr. J. H. Perry, director of the Canadian Tax Foundation, in a speech last week on this budget, made this comment on the deficit financing that has now appeared:

> While some have interpreted it as a shot in the arm for the economy, I would say it is more in the nature of a pink pill.

As I remember the purpose of pink pills, Mr. Speaker, they were for pale people. But the government makes no admission.

It is not unrealistic that we should look for some title for this budget. In the past we have had budgets that have been characterized in history by certain names. We have and many others. I suppose it would not be unfair to label this budget as "the budget of crumbs". That is the true measure of the size of the niggardly reductions which have been made in taxes. These niggardly reductions are the crumbs that have been permitted by this government to fall from its table; I refer to the table of the swollen government treasury. In these trumpeted reductions we see certain facts that bring them into true focus and perspective.

Just what is in these income tax reductions? Here is this great reduction trumpeted as a reduction of 13·3 per cent. The married man, on an income of $3,000 per annum, with two children who receives this maximum reduction gets a total reduction this year of $7 in his income tax, and $14 in a full year. That is a reduction of 2 cents a day to him this year, and 4 cents a day next year.

These reductions, Mr. Speaker, are too small to give any material encouragement to enterprise in this country. Then with resort to a typical government device—that is, typical on the part of this government—these reductions have been postponed to July 1. In referring to that matter, the Minister of Finance spoke about this postponement as being usual. It is usual in the case of this government. They have had resort to this device in the past, making people think they were receiving bigger reductions than the budget actually brought about.

What was needed in relation to the income tax this year was a boost to initiative. What was needed was also a frank look at the present exemptions which, as the minister himself admitted in a speech some months ago, are too low; and at the rates of taxation which, also by his admission, likewise are too high.

Second, what shall we say about this slight reduction in the corporation tax? It has been attacked by the C.C.F. in the course of this debate. They do not realize—or if they do so, it is no part of their wish—that the function of profits in the kind of economy we have, namely a free economy, is to provide the capital with which new plants, new jobs and new opportunities are created. That is the function of profits and capital in our economy. If you go on depriving people of the fruits of their labours and of their risks, you just blunt incentive, and the result is loss of opportunity and contraction in the number of jobs.

In recent years in this country we have seen a system whereby the government has been taking half of all the profits corporations have made. As I heard one government minister say in a speech in Montreal several years ago, the government is a 50 per cent partner in every Canadian corporation. It is true, Mr. Speaker, that it is a partner in the sense that it reaches in its long hand and abstracts from the treasury one-half of all the profits of every corporation in Canada. But in the sense that this is a profit and loss system and having regard to the fact that every one of these corporations that are talked about is capable of earning a loss as well as a profit, the government of course has no part in that aspect of its business.

However, it is interesting to see how the C.C.F. are at variance in this regard with Mr. Mosher, the president of the Canadian Congress of Labour. In a recent speech Mr. Mosher had this to say:

> We have no alternative but to ensure sufficient profits to keep industry in motion, or be faced with unemployment, resulting in lower standards of living for a larger proportion of the workers.

I wish that hon. members of the C.C.F. would take to heart those words of Mr. Mosher. Then he went on to express the hope that "these words of common sense"—and indeed they were words of common sense—"would help to give recognition to the obvious fact that employers and employees are interdependent". That is a common-sense observation by Mr. Mosher, the truth of which has apparently never yet dawned upon those who mould the thinking and speaking of the C.C.F.

There is one thing I wish the minister had done with regard to corporation profits. I wish he had grasped the opportunity he had to encourage smaller businesses by enlarging the total permissible income on the part of those who qualify for the lower rate. Twenty

thousand dollars is not enough in the way of permissible net earnings for a corporation to be entitled to the 20 per cent rate instead of the 47 per cent rate of taxation. The minister had there an opportunity to help small businesses in Canada, but he has allowed it to slip through his fingers.

But, sir, after this review of the vaunted reductions that have been made in the budget, let us in fairness realize this, that the minister has given to the people of Canada something that is going to help them so greatly to bear the burdens that he has laid upon them, help that will make them rather bear those ills they have than fly to others that they know not of. What has the minister given to the people of Canada to lighten the load? Sir, he has given them advice, and this is the advice that the minister has contributed to the suffering Canadian taxpayer. On February 21 he suggested that "Canadians accept in good humour the heavy taxes I have to impose". What a contribution to easing the burden of the Canadian taxpayer! The minister recommends that the Canadian taxpayer accept these heavy and excessive burdens with good humour. What a contribution to lightening the burden of the taxpayer!

This is the principal contribution of the budget to that end. I suppose it is in application of this new government panacea that the Minister of Citizenship and Immigration (Mr. Pickersgill) has been going about the country making both his humorous and not so humorous observations. However, the Minister of Finance has given a new imposition, a new directive. The new imposition from the government that is dictated to the Canadian people is good humour in the acceptance of these burdens. We of Her Majesty's loyal opposition think on the contrary that a sense of tax consciousness and tax resistance on the part of the Canadian people is a much healthier panacea for this government to face. It is only a strongly aroused sense of tax resistance on the part of the Canadian people that is going to drive the government opposite to measure up to its responsibilities to husband the resources of the Canadian people and not to inflict upon them unwarranted impositions.

As to the deficit, the minister hardly owned the poor thing. It had no part apparently in relation to any policy of the government. I call to mind a remark that the Minister of Trade and Commerce (Mr. Howe) made on his return from Europe on December 29 when he said: "I wouldn't say a small deficit would be calamitous, but I think it's better to balance the budget." Sir, at least there is a statement of government policy, better to balance the budget, but we have had no explanation from the Minister of Finance as to why on this occasion he felt it wise to depart from the only semblance of a statement of government policy in this regard that has recently come from any minister of the government.

But, sir, this budget is built upon an assumption. The whole basis, the whole foundation upon which the minister has constructed this budgetary edifice has been hope. We of Her Majesty's loyal opposition share the hope that the Canadian economy will be prosperous and strong, that it will expand this year, that there will be more prosperity this year than there was last year, but we do not think the minister should escape criticism for going about the building of his budget upon assumptions that do not seem to have much more relation to present reality than do the comments that have come from the government from time to time during the session in relation to the problem of unemployment. Bear in mind, Mr. Speaker, that this year the Minister of Finance is assuming that the gross national product will be between 5 and 6 per cent more than it was in 1954; in other words, the gross national product will be $25¼ billion or more in 1955 and, as he himself says, "on that figure I shall base my revenue forecasts".

Let it be remembered that corporation profits in 1954 were 6 per cent smaller than they were in 1953. Let us remember that there was a disastrous decline in personal savings in Canada in 1954. At page 2777 of the appendix to *Hansard* of April 5 we have this statement:

> . . . personal saving, or the amount set aside from current personal income, constituted 6·8 per cent of disposable income in 1954 compared with 9·2 per cent in 1953. In absolute terms personal saving fell from $1,539 million in 1953 to $1,137 million in 1954, a decline of $402 million, of which about half represented a reduction in saving in the form of farm inventories. The growth in personal assets was even more sharply reduced in 1954 than the $402 million reduction in personal saving would indicate; for personal saving takes many forms and involves changes in both assets and liabilities.

The trade outlook has a definite bearing on this question. Last year Canada slipped from third place, the proud position she had held for several years past in world trade, to fourth place, with Germany passing her and entering third place. In our current account on international transactions Canada had an unfavourable net balance of $427 million in 1954 and, notwithstanding a very slight improvement, we still had a trade deficit with the United States of $600 million. I am not going further into the subject of trade now. My leader will be speaking tomorrow and will deal in larger measure with this subject, but I call the attention of hon. members to the fact that in the face of these incontestable facts the minister goes

blithely ahead and bases all his calculations upon a very optimistic assumption.

Indeed, the minister gave some warning of his approach. Apparently he has been living in very close company with the Minister of Trade and Commerce for he said at Regina, as reported in the press of September 13, that "Canada's economy has nowhere to go but up." Yet at the very time he was making that statement all the figures indicated that the Canadian economy was going down. There was some improvement towards the end of the year but that came later.

We are faced with the unhappy fact with respect to agriculture in Canada today that farm cash income was down in 1954 to $2,378 million, a reduction of 14·3 per cent compared with 1953 and a reduction of 16·5 per cent compared with 1952.

We still have this vast problem of marketing our wheat, and until we do succeed in marketing our wheat in greater quantities it is simply idle for the Minister of Finance to go ahead and base budgetary plans upon optimistic and rosy assumptions of the kind he has made.

I wish to turn now to the subject of the problems that the budget has not touched, and there are many of them. Indeed, one could spend considerable time discussing problems that have been conveniently overlooked by the Minister of Finance and the government in the preparation of the budget.

The first is the problem of the sales and excise taxes. The fact is that this is a problem on which the minister has turned his back. If he was looking for a chance to help all the Canadian people, why did he ignore the sales tax? His predecessor had this to say about taxes on commodities in a speech I found recently which he made in Toronto a year ago. He made it a couple of weeks after presenting his budget, and here is what he said about the reductions he then proposed in the excise tax:

> However, it appeared to me that some tax reduction was both possible and desirable. During the balance of the fiscal year, the tax reductions proposed in the budget will reduce taxes by about $36 million. When I came to consider just where tax cuts should be made, I decided, both for reasons of equity and of economic effects, that the bulk of the possible tax reduction should be in the commodity tax field.

Note these words, sir.

> And that way, the tax cuts would benefit most Canadians.

That was in April, 1954, two weeks after the minister had made his budget speech in the House of Commons. His conception of the way to spread the benefits of tax reduction was to make reductions in excise taxes, these indirect taxes—

Mr. Benidickson: And that has been done this year in the income tax, too.

Mr. Fleming: Nonsense; that is nonsense. The sales tax has been completely overlooked. The excise tax has largely been ignored in the minister's approach to the problem.

Here is the sales tax that this government has raised to 10 per cent, this tax that was denounced by the predecessors of hon. gentlemen opposite, in 1935, at the general election in that year. Mr. Mackenzie King went up and down this country and denounced the sales tax as "that iniquitous tax". And what did he do when he came to office? He raised the sales tax to 6 per cent, and later it was raised under the Liberal government to 8 per cent, and then again to 10 per cent.

Yes, that is the way in which the Canadian people are made to enjoy the benefits of tax increases on the part of this government. Now, what about this sales tax? What about the excise taxes that apply to commodities that are in common use? I turn back to an editorial that appeared in the Toronto *Daily Star* of August 6, 1935, in which that mouthpiece of the Liberal party and of this government referred to the sales tax as imposing—and these are the words the editorial used—"a fine for selling and buying." Yes, a fine for selling and buying; and that was at a time when the sales tax was at less than half its present rate. They have more than doubled it since that time. They have more than doubled the fine on buying and selling.

And those are the taxes that, apparently, they believe in continuing to apply and enforce. These taxes apply to many of the basic necessities of life. How can this government possibly justify continuing the application of a 10 per cent sales tax on clothing, on boots and shoes, on household furniture, and a number of other necessities? How can this government any more justify the imposition of its tax on, for instance, tea and coffee? A deputation waited upon the minister before his budget was brought down and showed him how, if he would remove the tax on tea and coffee, he could save the Canadian consumers $9 million a year. But to that plea the minister turned a deaf ear.

Oh, they made much of the removal of the luxury tax—because that is the guise in which it was introduced a few years ago—on tires for motor vehicles. They have made much of the reduction of the excise tax from 15 per cent to 10 per cent on motor vehicles. Well, what they have done, in the way they have gone about it—in leaving the tax at far too high a figure, and giving no benefit at all to those dealers who had a stocked-up inventory of motor cars—has been to bedevil

the wholesale and retail motor car business in Canada today. Many dealers have large inventories. In fact, I suppose there is hardly a dealer in Canada today who did not have a swollen inventory of motor cars before this reduction came about. And the government proceeds upon the assumption that, because some dealers may have benefited from the imposition years ago of this luxury tax, this 15 per cent tax—at the time of the Korean budget—therefore they should take a beating now. Now, sir, that was four years ago. And, what is more, the people are not the same today; and they are taking a very serious beating in this respect. The government is not prepared, however, to do anything to meet the inventory situation. On they go, applying these indirect taxes. They like them.

The second problem which has been ignored by the government is the problem of unemployment. This problem has been discussed at length in this session, or I would seek to go into it at greater length today. But let me content myself, in this limited time, with making this limited observation on the subject, that the government throughout this session has observed a conspiracy of silence in regard to unemployment; and it has carried that conspiracy of silence into the budget. It is still running away from the problem of unemployment.

This budget does not meet, in fact it cannot even make the pretence of meeting or even assisting to meet, the problem of unemployment. The government is still running away from that problem; they hope to ignore it. And only last Friday in this House of Commons we heard the Prime Minister of Canada (Mr. St. Laurent) running away from the promises the government made in 1945. Those promises that were made in 1945, that the federal government would assume the responsibility of providing for the unemployed employables—those promises, those undertakings, were most indecently interred here last Friday. The Prime Minister may think he can bury the proposals of the green book of 1945 in that indecent manner. But there are more recent phrases which will dog his political footsteps as long as time shall last, and they are his own words uttered in Quebec last September when he said this:

> We have a country where there should be work for everybody and if we are not smart enough to organize the economy of the nation to provide work for everybody we are incompetent.

And we say to the Prime Minister, "Out of thine own mouth hast thou condemned thyself, and not only thyself, but condemned thy colleagues as well".

This is a problem that is national in scope. It is beyond local responsibility. What we want on the part of this government, and what we still look for, are employment measures, some constructive and some effective approach to meeting the deterioration in the economic condition and the unemployment situation in Canada today.

The third problem this budget ignored is that taxes in Canada are far too high. In 1954 the total taxes imposed upon the Canadian taxpayer, whether dominion, provincial or municipal, aggregated something over $7 billion, a record sum. And, sir, of course the lion's share of this was taken by the federal government. I am thinking at the moment of the over-all problem. In 1929 figures show that 13 per cent of the gross national product of Canada went in taxes. In 1939 the figure was 16 per cent, and in 1955 it was 29 per cent of the gross national product. And of course there is an infinitely larger gross national product today. I say this is an unwarrantably heavy imposition upon the Canadian people, and that it has tended to reduce initiative at a time when the Canadian producer is facing keener competitive forces than have been faced for many, many years.

The fourth problem this budget does not meet is the problem of centralization, a problem created by the deliberate policy of this government to concentrate all tax-gathering here at Ottawa. The dominion's proportion of the total revenue pie in Canada, placed upon the backs of the taxpayer, has doubled, in percentage, since pre-war days. This has got to the point now where it remained for a Liberal premier, Premier Hicks of Nova Scotia, in a speech he made on March 1, referring to the concentration of tax-gathering at Ottawa, to say this:

> It is possible that if the present trends continue we may lose our federal system of government by default, and will have brought about a one-government state without the Canadian people ever having paused to decide if such a result is desirable.

Note the words "one-government state". That is the trend in the taxing policy of this government, so clearly discerned and described by a Liberal provincial premier.

The fifth problem the budget ignores is the problem of waste and inefficiency. Sir, the contempt of hon. gentlemen opposite

was heaped upon Progressive Conservatives in the general election campaign of 1953 because we said that expenditures could be reduced without the sacrifice of any essential public interest in Canada, whether in defence or otherwise. Well, after ridiculing us, since those days the government has reduced the expenditures on national defence. They were running then at about $2 billion a year. They are now to run at a rate of $1,700 million a year. What we said could and should be done has been proven to be possible, but what has the government done at the same time? Have they sought to observe economy, to eliminate waste and extravagance in other departments? No, they have not. There is still the same old attitude on the part of the government. They can do no wrong, and it is not the kind of attitude that makes for efficiency on the part of those who serve under them.

There is still far too much water in the estimates that the government brings down before this house, and we shall continue to condemn this government for the deliberate way in which they endeavour to thwart and frustrate our efforts to squeeze some of that water out of those estimates. It is a known fact. The Auditor General has told us in the public accounts committee in previous years that there is a padding in all those estimates that runs to at least 5 per cent and sometimes 10 per cent. But let opposition members, as was done recently in the committee on estimates, in reviewing the estimates of the Department of Citizenship and Immigration, try to reduce those estimates by 5 per cent, to eliminate that cushion, to squeeze the water out of the estimates, and what happens? The government opposite rallies its forces to defeat such a motion and preserve the water in these estimates.

Mr. Prudham: It is already squeezed out.

Mr. Fleming: Well, I am afraid the minister has not yet gone very deeply into the estimates. This is just a sample. The minister who has made this interruption is as good as any minister of this government. He has just said that he does not know of any water in the estimates. The fact of the matter is that apparently the existence of the water in the estimates is something that has escaped the notice of every minister, has escaped the attention of the government opposite, because they have no measures for squeezing the water out of the estimates, and so the waste goes on.

Although we are supposed to be having some regard for economy, the total numbers in the civil service increased by 10,000 from October, 1953, to October, 1954. Now, there are many civil servants who are not being adequately paid for their services. But, sir, it will take more proof than the government has given that increasing its numbers is the way to meet the problem of the civil service.

The sixth problem ignored by the minister in this budget is the succession duty. The succession duty act is crying for revision. On April 6, 1954, in his budget speech Mr. Abbott said at page 3733 of *Hansard*: "Our succession duty act is in need of revision." Then he pointed to efforts that had been made to revise other taxation legislation and said that he had asked the officials of the three departments concerned, finance, national revenue and justice, to commence work on rewriting the law and that he would hear representations. We were led to expect that within a year a new bill would be brought down, but now we are told by the present minister that he has not completed this work, and we have to wait another year for any approach whatever, even the simplest revision of this statute which is crying for revision today.

Seventh, this budget ignores the problems of the provinces and the municipalities. I point particularly to the fact that the budget makes no provision for reduction in the sales tax on goods purchased by municipal corporations or boards of education. Whatever, for example, our boards of education across Canada purchase that is subject to sales tax bears a double burden. It is paid for by the municipal and provincial taxpayers but the federal government comes along and loads another burden on them in the form of the sales tax.

Eighth, the government has ignored the problem of the welfare organizations, which have been pleading for remission of the sales tax on purchases made by them of goods for use in their work.

Ninth, the budget ignores the special problems of certain depressed industries, such as textiles, electrical goods and others.

Tenth, it has not faced the problem of providing exemption for pension contributions of recognized groups of self-employed persons.

Eleventh, it has not grappled with the silly way in which the finances of the Canadian Broadcasting Corporation are handled today

by farming out to them the total yield from the indirect taxes on the sales of television sets and tubes and radio receiving sets and tubes.

Twelfth, it has not dealt with the problem arising from the fact that more money is taken from the people of Canada in deductions at the source from wages and salaries than is justified, and more than half of the taxpayers of Canada today are obliged to apply for refunds as a result of overpayment of taxes. It is time that problem was faced.

Thirteenth, the government has not met the problem of seizure of property and attachment permitted under taxing acts, as the government today arrogates to itself procedures that go far beyond the normal legal methods of recovery.

Fourteenth, the minister, while he acknowledged the problem of complicated provisions in our Income Tax Act, in a speech he made some months ago, has so far taken no note of that problem. We shall await with interest in that respect his bill to amend the act.

Fifteenth, the government has not dealt beyond this past year with the problem of the deficit in the old age security fund. We are still going along from hand to mouth, continuing the pretence that it is a contributory scheme. These are fifteen of the shortcomings of the budget.

In conclusion I wish to say that in so far as the proposed royal commission is concerned, a commission, as the minister described it, "to survey the future economic prospects" of our country, while we have no objection whatever to the appointment of a royal commission for this purpose, we do recognize that the selection of the personnel will be made by the government, and the success of this inquiry will largely depend upon the selection of the personnel. In any event, the task that has been assigned to the royal commission will be no substitute for action on the part of the government to meet immediately the pressing problems. There is one kind of inquiry that the commission might well have been asked to make, and that is the inquiry for which we have been asking for years, into the efficiency of government.

And so, sir, we have a budget which can only be described, it seems to me, as a budget of crumbs. It has turned its back upon and ignored pressing Canadian problems. It will be the duty of Her Majesty's loyal opposition to continue to press for remedy and redress for the Canadian people in the face of those burdens that the government continues to load upon them.

[Mr. Fleming.]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in his budget address on Tuesday, April 5, the Minister of Finance made a great deal out of the fact that the income tax reductions which are provided in the budget are very heavy percentagewise for those in the lower income brackets and very light percentagewise for those in the upper income reaches. He pointed out, and it is a fact, that a married man earning $2,500 a year, if he has two children eligible for family allowances, will have the amount of income tax he pays reduced as a result of this budget by 13·3 per cent. In contrast to that, he pointed out that a married man with two children eligible for family allowances, if his income is $400,000 a year, will have the amount of income tax he pays reduced by only 2·8 per cent. My leader, the hon. member for Rosetown-Biggar, and other members of this group, have already pointed out that though those percentages are factual, they are, like many percentages, deceiving.

It is my desire, Mr. Speaker, to place on *Hansard* a table—if there is any objection to it being placed there by unanimous consent I can read it on my own time—which will show, in the case of one category of taxpayer, namely a married man with two children, both eligible for family allowances, what these percentage reductions in income tax amount to in actual dollars, in a full year, or in dollars and cents per week, starting July 1, 1955.

This table corresponds in a sense to the table which the Minister of Finance placed on *Hansard* of April 5, 1955 at page 2737. At that time the minister placed three tables on *Hansard;* one for single taxpayers, one for married taxpayers without children and one for married taxpayers with two children eligible for family allowances. What I have done could have been done with respect to all three tables, but for the sake of simplicity I have done it with respect to just the one category, namely the married taxpayer with two children eligible for family allowances. My table is entitled "Table showing two columns missing from table V on page 2737 of *Hansard* of April 5, 1955. Effect of the proposed personal income tax changes. Married taxpayer—with two children eligible for family allowances."

Mr. Speaker: Has the hon. member unanimous consent to place this table on *Hansard*?

Some hon. Members: Agreed.

Mr. Knowles: The table is as follows:

Table showing two columns missing from table V on page 2737 of *Hansard* for April 5, 1955

Effect of the proposed personal income tax changes

Married taxpayer—With two children eligible for family allowances

Income	Percentage reduction in full year, as indicated by the Minister of Finance	Actual tax reduction in full year, in dollars	Actual tax reduction per week, in dollars and cents
$	%	$ cts.	$ cts.
2,300	—	—	—
2,500	13·3	4 00	0 07
3,000	13·3	14 00	0 26
3,500	13·0	24 00	0 46
4,000	12·6	34 00	0 65
5,000	11·9	54 00	1 03
7,500	10·8	104 00	2 00
10,000	9·7	154 00	2 96
15,000	7·8	254 00	4 88
20,000	6·6	354 00	6 80
30,000	5·5	554 00	10 65
50,000	4·5	954 00	18 34
75,000	4·0	1,454 00	27 96
100,000	3·7	1,954 00	37 57
200,000	3·2	3,954 00	76 03
400,000	2·8	7,954 00	152 96

NOTES:

Columns 1 and 2 in the above table are the same as columns 1 and 5 in the minister's table on page 2737 of *Hansard*.

Columns 3 and 4 in the above table are the two columns missing from the minister's table.

I am grateful to the house for the leave which has been given me to place this table on *Hansard*. Hon. members will notice that I have two notes which read:

> Columns 1 and 2 in the above table are the same as columns 1 and 5 in the minister's table on page 2737 of *Hansard*.
>
> Columns 3 and 4 in the above table are the two columns missing from the minister's table.

If hon. members will consult this table they will discover that it is a fact that a married man with two children eligible for family allowances, if his income is $2,500 a year, gets a reduction in income tax to the extent of 13·3 per cent, and a married man in the same situation with an income of $400,000 a year gets a reduction in income tax of only 2·8 per cent. It sounds good.

Mr. McCann: Do you know anyone who has an annual income of $400,000?

Mr. Knowles: None of my friends is in that category. These are figures taken from the table placed on *Hansard* by the Minister of Finance. They are the minister's figures, not figures that I have invented. The fact of the matter is that the 13·3 per cent reduction which the $2,500 man gets is only $4 a year or 7 cents a week, whereas the 2·8 per cent reduction which the $400,000 man gets is $7,954 a year or $152.96 a week. I am ready to accept a question from any hon. member in just a moment. May I point out that my table, as can be seen by reference to *Hansard*, gives figures for the groups in between.

Mr. Cameron (High Park): When the hon. member is dealing with income, is he taking the taxable income or the real income? A married man with two children would have an exemption of $2,300 a year and if he had a taxable income of $2,500 his real income would be $4,800.

Mr. Knowles: We are not talking about taxable income, we are talking about gross income. These figures correspond line by line to the figures the minister placed on *Hansard* at page 2737 of April 5. As I say, my table, so far as the first two columns are concerned, is the same as the minister's table, but I have added two columns which obviously he did not include.

The reason we have emphasized the fact that the minister's income tax reductions amount to so little for the taxpayer in the

lower brackets and so much for the taxpayer in the upper reaches is that we feel this was the wrong way to do it. It is the minister himself who decides that he can afford a certain amount of money for income tax reduction. He says that the reduction he is going to make so far as personal income taxes are concerned will amount to $128 million in a full year or $85 million in 1955-56. He has said also that the reduction he is making in the corporation tax will amount to $43 million in a full year or $28 million in 1955-56. Those two tax abatements alone—never mind any others which are provided for in the budget—amount to $171 million in a full year or $113 million in 1955-56.

It is our contention that that full amount of $113 million in 1955-56, or $171 million in a full year, should have been made available to those in the lower income brackets. There are various ways in which that could be done, but mainly there are two ways. One way in which it could be done would be to raise the present exemption levels which are now $1,000 single and $2,000 married to figures such as $1,500 single and $3,000 married. At the same time it would be necessary—this is what we advocate—to increase the rates of taxation in the upper brackets. If you merely raised the exemption levels you would be giving more to the wealthy than you would to those in the lower brackets. If one is going to change the exemption levels, which is what we advocate should be done, it would call for a revamping of the rates for the various brackets, particularly those in the upper reaches.

Another way in which some of this $113 million in 1955-56 or $171 million in a full year could have been made available to those in the lower brackets would be by a reduction or elimination of the sales tax. It is our contention that when a government is supposedly concerned over the great masses of the people and has some money that it can throw in as a tax abatement it should arrange its budget so that that money accrues to the benefit of those who need it most and not those in the upper brackets. For example, a person drawing $30,000 a year does not need another $554 a year, as is shown in the table which I have placed on *Hansard*, but those in the $2,000 and $3,000 brackets do need whatever improvement in their economic position, whatever improvement in their standard of living, it is possible for the minister to provide in his budget.

I know as we all do from our experience here that the chances of getting a change in the budget once it has been announced are next to nil in the session in which such changes are proposed, but statesmen are always looking to the future, and of course all of us are statesmen when budget matters are under discussion. We are speaking to the minister having in mind next year's budget or perhaps the one the year after that. I suppose it is possible that the budget in the year after next may be an election budget, or perhaps next year's budget will be an election budget. Taxpayers generally are always glad to see elections because they do seem to have their effect on budgets.

Whenever that time comes I hope the minister will give the greatest amount of consideration, not to those in the upper income brackets who do not need assistance but to those in the lower income brackets who need far more in the way of improvement in their economic position and in their standard of living than is provided by a weekly tax reduction of 7 cents or 26 cents as provided by the minister in the budget now before parliament. I plead as strongly as I can that the minister in future budgets should think not of those who do not need assistance but rather of those who do.

There is another matter on which I should like to comment for a moment. That is with reference to the announcement made by the minister in his budget speech, as indicated on page 2740 of *Hansard* for April 5, 1955, when he said:

> The government intends, therefore, to appoint a royal commission with instructions to look ahead and examine carefully our future economic prospects.

Mr. Speaker, I join with those who have welcomed the announcement of this royal commission. I hope it will be set up at an early date and that it will enter upon its work in the confidence that the findings it brings down will be implemented in an attempt to improve the general well-being of the people of this country. I think I might be pardoned for putting on *Hansard* at this point, in close relationship to the announcement of the minister which I have just read, this notice of motion of mine, which appears on the order paper where it has been since March 17 of this year. It reads as follows:

> That, in the opinion of this house, the government should give consideration to the setting up of a 100th anniversary committee, with provision for participation by representatives of the federal and the provincial governments, for the purpose of planning the economic and social development of this country on a vast scale, including housing, slum clearance, conservation, irrigation and power projects, highway construction, the elimination of grade crossings, the building of hospitals, assistance to municipal projects, other public works and the strengthening of the economy of every section of the country; and that consideration should be given to the advisability of such a program being launched immediately and being pursued vigorously year by year so that on July 1,

1967, the people of Canada will be in a position to celebrate this nation's 100th birthday not only with fireworks and speeches but by the achievement of a land of health and abundance for all our people.

I shall allow those who may read the minister's announcement on the one hand and my proposed resolution on the other to note the interesting similarity. I earnestly hope this royal commission will be given terms of reference that will enable it to do a good job of research and that on the basis of its findings we will pursue vigorously a program of development for the health and well-being of this country and all our people.

I have just mentioned in my statement with regard to the future of Canada the question of health, and I should like to devote the remaining section of my remarks today to that question, arising in particular out of a question and answer, to be found in *Hansard* of Friday, April 29, 1955, on the orders of the day. The exchange is recorded on page 3289 and is as follows:

Mr. Knowles: Mr. Speaker, may I ask a supplementary question of the Prime Minister? In view of his statement as to the greater weight that attaches to the views of the government of Ontario than attaches to that of some of the smaller provinces of the country, will he say that in view of what happened on Tuesday and Wednesday we are now closer to a nation-wide health insurance program than we were at the beginning of this week?

Mr. St. Laurent: I do not know how much closer we are to a nation-wide health program than we were before Tuesday and Wednesday, but very close attention is being given to the cost of that kind of a program.

Though I am one who deplores the long delay in connection with this matter of health insurance, I must say that I was glad to get that reply from the Prime Minister and I am glad to know that he is involved in a commitment that close attention is being given to the cost of a program of health insurance.

I call on the government to proceed with this matter now with much greater vigour and expedition than has been the case for the past 36 years, since it was first written into the Liberal platform in 1919. I believe that some progress was made in this building last week. I am speaking now of the cause of health insurance, not of the fortunes of any one political party, my own or any other. Previous to last week it seemed to me that Canada was more or less up against a brick wall so far as health insurance was concerned. My hon. friend, the Minister of National Health and Welfare (Mr. Martin), some months ago on the radio in the "Farm Forum" program, and more recently on television in a press conference program, had something to say about the possible need of a constitutional amendment—

Mr. Martin: For a certain kind of plan.

Mr. Knowles: —the possible need of a constitutional amendment for a certain kind of plan of health insurance. I think I know the kind of distinction that the minister had in his mind and still has. But I think he also muddied the waters by saying that, if a constitutional amendment were required, that would make necessary the agreement of all ten provinces. He did not say that all ten provinces had to agree before we could arrange to have a plan of health insurance in some of the provinces, but he did say that all ten would have to agree to the constitutional amendment if the plan to be put into effect were of a certain kind. I know the distinction, and I could discuss it at length, but that would simply take up my time. I know the distinction between a national health insurance plan and a nation-wide insurance plan. Some may think it is a distinction without a difference, but it is there and I realize that it is real.

My point is that, with the Minister of National Health and Welfare saying that kind of thing and with this question being kicked about from one election to another and being the subject of political speeches made in various quarters, it looked as though we were up against a brick wall. It seemed to me—and I shall speak quite frankly about it—that the federal government, with these references to unanimity or the fact that more than two or three of the provinces had to agree, was relying on the fact that the two central provinces would not agree and that therefore nothing would be done.

Quite honestly, I was afraid that they had some reason for that sense of reliance. It looked as though neither of the large central provinces of Canada was interested in this question, but last week, when the federal-provincial conference was held in the railway committee room, not far from where we are now in session, we had rather a surprise. The premier of Ontario joined other premiers who have already indicated an interest in health insurance by being actually the first one at that conference to ask that a study of a nation-wide health insurance program be put on the agenda for the meeting which is now to be held on the 3rd of October of this year.

I could make some political comments about the suggestion made by the premier of Ontario. We all know that there is an election campaign now on in Ontario, and maybe there is some connection, but even after the election is over, the fact of the matter is that Ontario has shown a definite interest in this question. Whatever party

is elected on the 9th of June in Ontario, whether Conservative, Liberal or C.C.F., they all have health insurance in their platforms; so that whatever provincial government comes from Ontario to the federal-provincial conference here in October, it will be committed to carry through the expressed interest of the government of Ontario in a nation-wide health insurance program.

I might interject at this point that no one is now suggesting that health insurance should be bureaucratically administered at the centre for every nook and hamlet in Canada. Everyone accepts the idea, laid down as a matter of fact in the 1945 green books, that it should be provincially administered. A growing number accept the principle that the responsibility of the government is to take those financial and other steps that will put the provincial governments in a position to carry through a program of health insurance, but the federal government simply has to meet that responsibility.

As I say, what took place last week is a matter that one could discuss at some length. It has many implications. It has many interesting political connotations. No doubt they will be discussed on the hustings in Ontario during the next four or five weeks. However, I think an objective summing up of what transpired last week must include the hopeful view that we made some headway; I refer to those of us who are interested in the cause of health insurance itself.

My main purpose in introducing this subject at this time is to call upon the federal government to be ready to give a lead in this matter in October. I am glad that the minister of health and welfare is paying me the compliment of being here and being interested in what I am saying. I hope that the federal government will be really ready, without any excuse, to lay before that conference on October 3 all the information that is necessary, on the basis of which this country might go ahead with a nation-wide health insurance program. It is my view that the federal government should take the lead, along the lines laid down in the green books of 1945, in making it possible for such provinces as are interested to get such a plan started. We now know that there are at least five provinces that are interested. There are four—British Columbia, Alberta, Saskatchewan and Newfoundland—that have hospital insurance of some sort and in some instances they are a bit further ahead. They are interested. Now Ontario has shown its interest. On that basis I think the federal government should take this matter as one of the most serious questions to be dealt with at the conference which will be convened on October 3.

[Mr. Knowles.]

I hope it will not be said at any point that between now and then there is not time to get all the necessary information together. If that is said by anyone, I am sure it will not be by the Minister of National Health and Welfare because I am sure he will remember that quite a while ago, on June 20, 1947, as recorded at page 4423 of *Hansard* of that year, he said this:

> I can only repeat that we are engaging the full time of at least six persons in the department, with four additional persons who have other duties to perform. When we have the type of conference with the provinces which we envisage we shall be prepared at that conference to submit details in respect to the studies we have been making and are making and to bring about at the earliest possible moment the realization of a health insurance scheme.

I suggest to the Minister of National Health and Welfare that if in June, 1947—nearly eight years ago—he could stand in this house during the course of the consideration of his estimates and say that his officials were ready with the details to make it possible to bring about at the earliest possible moment the realization of a health insurance scheme, they have infinitely more information now than they had then. The minister knows how highly we in this house think of the staff he has in his department. He not only is favoured in that he has two deputy ministers; he has two of the topmost civil servants in the federal government, namely Dr. Cameron, the deputy minister of health, and Dr. Davidson, the deputy minister of welfare.

In that department he has many other officials who really are most able and most efficient. He has a research department headed up by Mr. Willard, the staff of which really knows what is going on in the field of health insurance as well as in all the fields in which this department is interested. He has as director of the health grants program and of health insurance studies an outstanding man in the person of Dr. Jackson, who came to the service here from my province of Manitoba. I could go on with other names, and the minister has them in his mind too. He really has a good staff for getting together the information and for working out the details that could fulfil what he promised in 1947, namely that the federal government would be ready when a conference was held. It is going to be held now. It is eight years later. I am sure that the minister is ready.

Perhaps I should not take too long with these references, but on March 19, 1952, as recorded at page 586 of *Hansard*, there is a lengthy reply to questions that were put on the order paper with regard to progress made by the government since the previous session in health insurance studies and surveys in Canada. It is a lengthy and interesting reply

showing the attention then being given to this subject. Likewise, on Friday, January 22, 1954 the minister tabled sessional paper 84-A in reply to certain questions of mine in which I asked if the department had any papers, memoranda, studies, et cetera, regarding health insurance in other countries and any material relating to any possible program of health insurance in Canada. The reply was a long list on more than two sheets of foolscap paper, giving just the titles of many documents and memoranda on this question that had been prepared in the department. I myself have copies of some of them, and I can vouch for their usefulness and the thoroughness with which this work has been done.

My fifth question in the series that brought forth this sessional paper was this one:

What use is the government now making of this material?

The reply was:

This material is constantly being studied by senior officers of the department.

Similarly on Wednesday, May 5, 1954, the minister tabled sessional paper No. 84-D in response to certain questions of mine also on health insurance and on discussions with the provinces. This is a lengthy one. I will just read one question and answer. The question was:

Have there been consultations with the provinces concerning a program of health insurance?

The answer was:

Yes, at each meeting of the dominion council of health composed of the federal and provincial deputy ministers of health. Advantage has also been taken of frequent meetings of provincial ministers of health and welfare with the federal Minister of National Health and Welfare. In addition there have been consultations with certain provincial premiers.

In other words, across these years which have involved a delay that some of us have deplored, it is nevertheless true—and I will pay my compliment to the minister and his officials for it—that work has been done on this important question.

Mr. Speaker, if this government felt that in 1944 it could have a committee lay on the table of this house a draft bill entitled "The National Health Act", copies of which were printed and of which a certain use was made in 1945 as well, I submit that the government is far more ready today than it was then. Yet 11 years ago there was this draft bill of 43 pages which I hold in my hand, with most of the detail of a national health act, including health insurance grants, all spelled out. My copy is getting a bit yellow. I suppose the government cannot find its copies. But the main thing is not necessarily the resurrecting of this document of 11 years ago but rather the doing of something definite when this conference meets this fall.

My plea to the government is that when the conference meets, Mr. Frost be taken at his word and more. He asked for studies. I say this to the Minister of National Health and Welfare. Give him more than studies. Or if Mr. Frost is not back here, and it is somebody else instead—

Mr. Hodgson: He will be back.

Mr. Knowles: —you will find co-operation from the other possible premiers as well, because I believe that the people of Ontario and the people in the country generally are asking for and are anxious to have a real lead in this matter of nation-wide health insurance. I know that one of the tests so far as the great man of the Liberal government is concerned, namely, the Minister of Trade and Commerce (Mr. Howe), was spelled out according to a report in the Ottawa *Citizen* of June 24, 1953, when he said this:

A Liberal government will introduce a sound, workable national health insurance scheme in due course, just as soon as it can be done without placing an undue burden on the Canadian people.

The story goes on to point out, and the Prime Minister (Mr. St. Laurent) did so as well in the summer of 1953, that this would be done when it was clear that the people of Canada want it.

Mr. Martin: My hon. friend is quoting the Prime Minister now. He knows that I have placed the statement of the Prime Minister on *Hansard*, and I think he ought to be very exact in what he attributes to the head of the government.

Mr. Knowles: I confess I am not able at the moment to find that in the Prime Minister's statement, and if I have misinterpreted what the Prime Minister said I shall withdraw it so far as he is concerned.

Mr. Martin: It will be found in *Hansard* of June 19 last.

Mr. Knowles: Yes, I have it here. It is about half a column. But I am sure the Prime Minister would not disagree with the proposition that if the people of Canada want health insurance the Liberals would be prepared to bring it in. My contention is that the government should be giving a lead in this matter and should not be waiting forever only to come along when it is finally realized that every last person in the country wants it. It is now wanted by a large number of people in a large number of provinces in this country, and I urge that action on this matter be taken in October of this year. So often we rise in the house and, in the very

nature of things, say that action should be taken as soon as possible. I am pinning it down to October.

When the conference meets I think the government should go further than just meeting Mr. Frost's suggestion of studies of health insurance. It should have the details ready to carry through with the kind of plan that was so well spelled out in the green book proposals of 1945. I remind the house, the minister and others that although the provinces and the federal government did not get together on the package deal in 1945 nevertheless the idea of health insurance was not dropped from the terminology of the government. As everyone knows, when Mr. King on May 14, 1948, announced the important health grants program he started off by saying:

> Mr. Speaker, I should like to make a statement to the house on government policy with respect to health services and health insurance.

Later Mr. King said:

> These measures also represent first stages in the development of a comprehensive health insurance plan for all Canada.

There comes to my desk many an item which uses that very language. I have here the five-year report on the national health program put out by the Department of National Health and Welfare. On pages 1 and 2 there is a summary statement of the purposes of the program, and point (f) in the summary of the purposes of the program is "to lay sound foundations for health insurance". I received not long ago the report of the annual meeting of the board of evangelism and social service of the United Church of Canada. Beginning on page 13 I find a report of an address made at the annual meeting in Toronto in January of this year by Dr. Gordon E. Wride of the Department of National Health and Welfare. At that time he said:

> . . . these measures represented the first stage in the development of a comprehensive health insurance plan for all Canada.

The Minister of National Health and Welfare will recall that a while ago he let me have, because I complimented him on it, a copy of a very interesting address he made at Carleton Place on Saturday, February 12, 1955. He referred in the text of that address to the announcement made by Mr. King in May, 1948 and concluded an important sentence with these words:

> . . . and the eventual establishment of a nation-wide system of health insurance.

Mr. Martin: Would you mind reading the whole thing so we will get the context? I have just forgotten it.

[Mr. Knowles.]

Mr. Knowles: Would you give me the extra minute or two it takes to read it?

Mr. Martin: Well, it is worth reading, I think.

Mr. Knowles: I agree. The whole speech was good.

Mr. Martin: Well, never mind.

Mr. Knowles: Maybe the minister will enter the debate and read the whole speech. The sentence he wants me to read in full is this:

> Nearly seven years ago, Mr. King announced to parliament a program of national health grants which had as its objective the immediate strengthening of provincial and local health services and the eventual establishment of a nation-wide system of health insurance.

My point is that I want "eventual" to be made synonymous with October, 1955, not any later. Earlier this session I took advantage of the very kind invitation of the minister to visit some of the laboratories in his department. The hon. member for Winnipeg South (Mr. Trainor) and others went along. We enjoyed our visit and found it very interesting and useful. On the way we were given some literature about the work of the department. One of the items was a mimeographed document entitled "Canada's National Health Services". I find that the first of these services that is spelled out is the national health grants program, and again I read:

> The purposes of the program are—

Then there is a long paragraph which ends with these words:

> . . . to lay the foundation for health insurance.

Mr. Martin: May I ask if the hon. member for Winnipeg South and the hon. member who is now speaking found themselves fully agreed on this subject when they visited our department?

Mr. Knowles: On the subject of health insurance I think the hon. member for Winnipeg South and the Winnipeg *Tribune* are about the only two in Canada who are still opposed to health insurance.

Mr. Trainor: On a question of privilege, I know the hon. member would not wish to misrepresent me, and the statement he has made now is not correct. He said that I and the Winnipeg *Tribune* are the only two in Canada not in favour of health insurance. I cannot speak for the Winnipeg *Tribune* but I can for myself, and I say that statement is not correct. I am in favour of health insurance, but not the type of health insurance the hon. member is in favour of. If he will permit me, I should like to ask him a question while I am on my feet. Does he not realize that Canada is a federal state, and that constitutionally the matter of health and health

insurance comes within the purview of the provinces? Would he not think, therefore, that the initiative at the conference in October should come from the provinces rather than from the federal government?

Mr. Knowles: I accept the hon. member's statement of privilege. So far as the Winnipeg *Tribune* is concerned, I had reference to an editorial a few days ago in which that paper took issue with the very request Mr. Frost had made. So far as my hon. friend is concerned, I am glad to find out that, while he may be interested in a different type of plan than I am, basically he also wants to see health insurance. I hope the Minister of National Health and Welfare will take note of that. It is now nearly unanimous.

I point out also that during the summer of 1953, when we were in the midst of an election campaign, there was an article on this question written by none other than Mr. J. A. Hume, *Citizen* parliamentary writer. We all know the accurate prophet Mr. Hume has become. He was able to foretell with uncanny accuracy the outcome of the federal election in 1953. He seemed to know pretty well last December or January what would be in the speech from the throne opening this session of parliament. He had some pretty good ideas as to what might be expected in the budget which was announced on April 5, and just a short while ago he predicted accurately the date of the Ontario election which has now been set for the 9th of June.

In the summer of 1953 this uncanny prophet, whose record for accuracy one must note, had this to say in an article which appeared in the Ottawa *Citizen* headed "Health Insurance First Liberal Aim":

> Inauguration of a contributory national health insurance scheme during the life of the new 22nd parliament will shortly be announced by Prime Minister St. Laurent as the No. 1 objective of his Liberal administration if re-elected on August 10.

I am sure my hon. friends across the way will not want to disappoint Mr. Hume, let alone some 15 million other Canadians. I am sure they do not want to spoil his record as an accurate prophet, and I hope the point in the life of the twenty-second parliament to which Mr. Hume referred will be in October of this year, and that the government will really take action.

I have shown—

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Knowles: Perhaps I could go on for two minutes to make up for the time I spent reading from the speech of the Minister of National Health and Welfare.

Mr. Deputy Speaker: Order. I had already made what I thought was a generous allowance for the interjection of the minister. But if the hon. member is accorded unanimous consent, then of course he may proceed.

Some hon. Members: Agreed.

Mr. Macdonnell: Would the hon. member permit a question before he takes those two minutes more? He has dealt, in some particularity, with the speech made by the Minister of National Health and Welfare before the 1949 election. It seems to me, however, that he overlooked a very important matter when he did not give us the speech or speeches made by the minister before the 1953 election. I think we can assume that they were made, and it would be important to have them on the record.

Mr. Martin: To save the hon. member's time, because I realize his time is precious, may I say to the adventurous member for Greenwood (Mr. Macdonnell) that I shall be very glad to supply him with all the material which, obviously, he requires.

Mr. Knowles: That saves me not two minutes but two hours, Mr. Speaker.

Just this in conclusion, let me thank the house for giving me the extra time. I have shown this front page of the Toronto *Daily Star* of May 15, 1948, to the house on a number of occasions, and I feel that perhaps I should apologize for bringing it down again today. It is almost worn out. However, I did bring it down because it does seem to me that today it is more appropriate than ever. Mr. Mackenzie King made his announcement of the health grants program on May 14, 1948. The next day the Toronto *Daily Star* ran this headline, "Can't Wait for Ontario—King".

I ask, Mr. Speaker, who is waiting for whom now? Ontario wants studies in the matter. The Minister of National Health and Welfare says he wants health insurance as soon as possible, as soon as we can afford it, as soon as all the difficulties can be ironed out. The people of Canada want it. I call for action, without fail, on this important question at the federal-provincial conference to be held on October 3 of this year.

Mr. John Decore (Vegreville): Mr. Speaker, during the course of this debate some hon. members in the opposition have endeavoured to create the impression that Canadians in the lower income brackets did not get very much consideration by way of personal income tax reductions as compared with those in the substantially higher income brackets.

I think a very good example of that type of thinking has been shown to us this afternoon by the hon. member for Winnipeg North Centre (Mr. Knowles), who has just taken his seat. And I might add that if we were to examine the statement made by his leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), it would be clear that he follows the same line of thinking. I now quote from *Hansard*, page 2956, where the hon. member for Rosetown-Biggar, the leader of the C.C.F. party, had this to say:

> When we heard the minister we jumped to the conclusion that the reduction in the tax was more substantial in the lower brackets than in the higher income brackets. What the minister actually did, in spite of any impression to the contrary which was contained in the table which I looked at the night the budget was placed before us, was to reduce the tax rate by two percentage points in all personal income brackets.
>
> This means that the married taxpayer with two children receiving family allowance and earning $3,000 a year gets a tax reduction of $7 for the whole of 1955.

Then he went on to say this:

> The married man with two children receiving family allowances with an income of $100,000 a year will receive a tax reduction of nearly $1,000, or to be precise, $977. The higher the income the more rebate that is received.

The hon. member for Winnipeg North Centre gave an example of the reduction for a person who has an income of $400,000 a year, and I believe he gave the reduction as $3,977.

Mr. Knowles: No, $7,954.

Mr. Decore: Perhaps my arithmetic was not correct. I accept the hon. member's figure. In any event, in all fairness to the hon. member for Rosetown-Biggar and the hon. member for Winnipeg North Centre I would say that the figures they have given are correct. I think, however, that these same figures should be examined from a different angle, so we can get a better perspective and a better picture of the whole situation.

If we were to refer to table V at page 2737 of *Hansard*, to which the hon. member for Winnipeg North Centre referred, we might see what is stated there concerning the married man with an income of $2,300 and with two children, both of whom are eligible for family allowance. What happens to him? The fact is that this taxpayer does not receive any tax reduction at all. If I were to leave it at that, then of course I would be endeavouring to leave the same impression the hon. member for Winnipeg North Centre has been trying to leave. But the reason this taxpayer has not received any reduction in personal income tax lies in the fact that he is not taxable at all. At the same time, in addition to his income of $2,300 this same man receives family allowance cheques for his two children which, in the year, amount to something like $150.

Let us now turn to the man with two children and an income of $2,500. What is the tax he would pay in 1955? Of course when using the figures shown in table V one must add the 2 per cent old age security tax. It appears from the table that his tax in 1955 would be $28. Yet, at the same time this man who must pay the tax of $28 receives family allowance cheques from the people of Canada, through the policy initiated by this government, to the extent of about $150. In other words, in addition to his income of $2,500 he receives a bonus of approximately $120.

Let us take another figure that was used by the hon. member for Rosetown-Biggar, who referred to the man with an income of $3,000 and with two children eligible for family allowance. His tax for the year 1955 would be $98. At the same time, by way of family allowance cheques he receives $150, which leaves him more than $50 to the good, by way of bonus, if one wishes to put it that way.

Family allowances were enacted to assist people with children in the lower income brackets, so those children may be better fed, better clothed and have better educational facilities; in general, to afford them better opportunities to become good citizens of this country. At the same time, one should take this into account. A young married couple with two children usually have to care for, or they have a moral obligation to assist, their fathers and mothers in their old age, when they reach the age of 65 or 70. Under the policy of the federal government these people in the lower income brackets are receiving indirect benefits from our social security measures in the form of old age security or old age pensions. I would remind this house that the government will spend approximately $1 billion in the coming year on our social security measures, which were intended to assist in particular those who require assistance, and those who are in the lower income brackets.

Let us again refer to table V to see what happens to a person who has an income of $100,000. A person with an income of $100,000 is obliged to pay in taxes the sum of $51,892; a married man with two children whose income is $200,000 is obliged to pay $123,527 in taxes. The hon. member for Winnipeg North Centre gave an example of a married man with two children whose income is $400,000. He should have given us not only the reduction this man will receive but also the taxes he will pay in 1955 under this budget. According to this table a married

man with two children, whose income is $400,000, is obliged to pay income tax of $278,162.

Mr. Nicholson: How much does that leave him?

Mr. Decore: Well, it still leaves him a substantial amount.

Mr. Knowles: It leaves him $121,838.

Mr. Decore: That is what he will have left, unless you take the whole thing away from him. If that is what you want to do, it is a different matter. The fact is that he will pay over $278,000 out of the $400,000 income that he will receive, if there are such people in Canada.

Mr. Nicholson: And he still has a lot left.

Mr. Decore: It has been the policy of the present government for some years to tax people with high incomes to assist those in the lower income brackets. It is a form of distribution of wealth. The government also follows the policy of encouraging private free enterprise in order to induce people to take risks and to go into various business ventures. Despite our huge expenditures for defence purposes—and as we all know they amount to almost one-half of our total revenue—in this country we have one of the best social security programs of any comparable country in the world. It is also a fact—and if anyone wishes to challenge this I should like to hear him do so—that our rates of income tax are among the lowest in the world, and our personal exemptions for income tax purposes are the best in the world for people in the lower income tax brackets.

Having dealt with some of the criticisms that have been levelled against the government and the budget, I should now like to bring to the attention of the Minister of Finance and the government certain problems which exist, so the government may take the necessary steps to solve them. I have in mind a problem which is very real and very serious. It has to do with young men who wish to make a start in farming. I have made reference to this matter before, and I wish to do so again. Everybody knows that because of the increased value of farm land generally and the mechanization of farming which involves costly farm machinery, a young man who wishes to start in farming must have at least in the neighbourhood of $15,000.

Nearly all the young men who desire to go into farming in this country find that this amount of money is simply not available to them. It is true we have the farm loan act and the farm improvement act, which were intended to provide credit to farmers, but this credit is extended to farmers who already have land, who already have buildings and machinery. They may be able to borrow money from the farm loan board to buy more land or additional machinery, or to borrow for farming purposes under the Farm Improvement Loans Act, but there is nothing on our statute books to give assistance to young men who wish to start in farming.

It is my contention that those young men who have the experience, who have the know-how and who desire to farm, should remain on the land. They should not go into the industrial centres seeking jobs when they are better qualified to remain on the land, because in so doing they merely add to the problem of unemployment. Therefore I ask the question, could not some scheme or some plan be put into operation to assist these young people and give them a start in farming? I do not pretend to have any formula, but I should like to draw attention to the National Housing Act. Under that act thousands and thousands of Canadians have been able to acquire houses which they otherwise would never have been able to acquire. They have been able to do so because there was a plan or scheme introduced by this government. In enacting that legislation the government did not take any risk, and the lending institutions did not take any risk. Thousands of people have benefited and thousands more will continue to benefit under the National Housing Act. Perhaps a similar scheme could be enacted along those lines for young men and women who wish to go into farming.

I believe that investment in land is the best investment one can make. Furthermore, we already have the machinery set up. The Department of Veterans Affairs offices in the various provinces in Canada have had some experience in this type of work. Therefore, Mr. Speaker, I urge the Minister of Finance, the Minister of Agriculture, and the cabinet to give this matter some thought. Probably they could appoint a committee or find some other means of solving this problem.

Mr. E. G. Hansell (Macleod): Mr. Speaker, the hon. member for Vegreville (Mr. Decore) has stolen a march on me. I thought he was going to continue until five o'clock. Since he has not, I shall have to look over my notes. However, I think I can take up the time of the house for five minutes.

I must confess frankly that I feel a little ashamed coming in at this late date and attempting to find anything new to say. Of course as members of parliament we all like to get something on the record. As I said, it is difficult to find anything new to say

when so many have preceded me. I have listened to about 19 budgets brought down by this government, and during that time have listened to the number of speeches which have been delivered this session multiplied by 19. I find it difficult to say much that is new.

The budgets we listen to every year are the same old budgets. There is no difference basically and fundamentally in any of them; they are all the same with respect to basic financial policy. The only shade of difference is that there may be a reshuffling of taxation. Some years some things are taxed higher than others, but the next year those same things may be taxed a little less. It is entirely a matter of running the country one year after another with no change in basic financial policy, but only a reshuffling of the mechanics of the same policy.

I am not going to attempt a detailed analysis of the financial aspects of the budget, as there are other members of the house who are more capable of doing that. Some of them have already tried to give evidence of their capabilities. I am not too much concerned with the analysis of budgets; I am not too concerned with what the financial wizards of the finance department have to say about things; I am not too much concerned about what the big boys of Wall street or of St. James street or of Bay street have to say; I am more concerned about what my friend Joe of Fifth street has to say. I am not too much concerned as to what big business or big industrialists may say about the budget, but I am concerned with one of two things, that is how it affects the rank and file of the people of Canada.

I do not know, but my experience is that these budgets are somewhat glamourized. Budgets come and budgets go, and somehow or other we bow down in humble obeisance to finance and surround it with all the dignity of great potentates and what have you. I always want to laugh when the financial critic of the Conservative party rises in the house and with an air of importance looks over at the finance minister and says, "May I ask the hon. Minister of Finance a question; can he inform us when we may expect the budget?" This happens every year. Then the minister rises; he does not tell him, he simply puts him off. Then perhaps a week or two later some front bencher will rise and ask the minister if he has given any further consideration to the date of the budget.

I do not think my friend Joe of Fifth street cares one bit about the date the budget is brought down. It is brought down eventually, and then another thing happens. Why people should want to crowd into this house on budget night to hear the budget speech is beyond me. As a matter of fact we get telephone calls from our friends and other people wanting to know if they can get tickets to the galleries.

An hon. Member: How about Joe?

Mr. Hansell: The Sergeant-at-Arms informs us that there is a certain precedence in connection with choice seats and the fact is that people line up at the door of the house long before eight o'clock. I do not know why they do that, because frankly the budget speech is one of the driest speeches I have to listen to. I shall try to make mine less dry when I continue at eight o'clock.

The Acting Speaker (Mr. Applewhaite): It being five o'clock the house will proceed to the consideration of private and public bills.

CANADA GRAIN ACT

AMENDMENT TO PROVIDE FOR FAIR ALLOCATION OF BOX CARS

Mr. H. R. Argue (Assiniboia) moved the second reading of Bill No. 22, to amend the Canada Grain Act.

He said: Mr. Speaker, in the words of the Saskatchewan wheat pool, the western farmer is fighting mad today, and he is fighting mad for a good reason. A fundamental right which he has enjoyed for over 50 years has been arbitrarily taken away. I refer to the right of the farmer to deliver grain to the elevator of his choice. This is the third successive year in which I have introduced this bill, which sets forth a method by which farmers may have restored to them the right to deliver grain to the elevators of their own choice. Canadians fought in two wars to protect democracy and to prevent the coercion of the few by the many. Thousands of western farmers today are asking that this fundamental right be restored to them.

Under the present system farmers have lost that fundamental right. As hon. members know, in periods of congestion elevators have been plugged. Farmers have been able to deliver grain only to those elevators that obtain the box cars, and they are able to deliver grain to a particular elevator only to the extent that that elevator company may obtain box cars. The railway companies and the government have in their hands the power to decide where and in what proportion farmers may be able to deliver their grain to the various elevator companies. Far too often railway companies going into a town with four or five elevators, ignoring completely the desires of the farmers as to where

they wish to deliver their grain, spot one box car to each elevator and therefore determine by that method the proportion of grain that will be handled by the various elevator companies.

Farmers and farm organizations of western Canada have been very patient indeed with this government. They believed that if they came to the minister and the government quietly, without publicity, and explained particularly to the Minister of Trade and Commerce in a reasonable manner their important and just demands, the minister would lend to them a sympathetic ear and that between them they would be able to find a method by which that fundamental right could be restored to western farmers. But, instead of getting a sympathetic ear, instead of getting action from the government, they have found that the government has ignored their requests. The government has turned a deaf ear and has said, in effect, "You shall not have restored to you the right to do your business with the elevator firm of your choosing".

I wonder how any cabinet minister or any member opposite would like to be told the business firm from which he must buy his automobile. How would any hon. member like to be told that he would have to take a Volkswagen if he wanted a Cadillac? I am sure he would resent it very much. I wonder if the wife of any hon. member opposite would like to be told that she must shop for her groceries at a certain store on a certain day, and at no other store, if she wants to eat and to feed her family. That in effect is what farmers have been told by this unfair and unjust method of box car distribution, namely that if they are to get any income at all in a given period of time in order to buy food and clothing for their families and for the purchase of farm supplies, they must deliver grain whether they like it or not to the elevator that has the box cars.

So I say that every hon. member opposite should support the measure I am now moving; and every member of parliament from the prairie provinces, if he is to carry out the wishes of his constituents, particularly if he represents a rural constituency, has no choice but to support the proposition that farmers right now shall have restored to them this fundamental right that has been so arbitrarily taken away.

I know that hundreds of letters come to my desk from individual prairie producers asking that this fundamental right be restored, and I know that my colleagues in this group are also receiving many hundreds of letters. I am sure the Minister of Trade and Commerce must have received in his office many thousands of letters from wheat producers, and I would like to have the information as to just how many thousands of letters have come to the minister's office asking that this fundamental right be restored to the farmers. Is it 5,000 letters or 10,000 letters? Is the wheat pool now nearing its objective of getting to the federal government and to members of parliament a total of 30,000 letters asking that this democratic right be restored? I know the campaign has gone on very successfully during the past few weeks, and it is still going on.

I venture to say that the Minister of Trade and Commerce has received more letters from western farmers on this subject in the last three weeks than any western cabinet minister has received since 1942, when farmers staged a march on Ottawa. In the words of the Saskatchewan wheat pool, the farmers are fighting mad; they are out to get justice for themselves; and if the method of requesting the government by letter this time does not work, then they are going to adopt other measures until this right is restored. In that campaign they have the full and complete support of the C.C.F. party.

I am hoping that members of parliament on all sides of this house will vote for the measure that is before the house today. When I first moved this bill in the spring of 1953, Mr. Ross, the then member for Souris, speaking on behalf of the Conservative party, said that it was a step in the right direction. The Minister of Trade and Commerce then moved an amendment that the bill be given the six months' hoist, and the members of the Conservative party voted against that move by the government to kill the bill. Last year, however, the Conservative party in this house reversed its stand. I am going to issue a warning to the Conservative party right now that, if they wish to get any support whatever in rural areas of western Canada, they had better support the proposition that farmers be given the right to deliver grain to the elevator of their own choice. I am asking them to reconsider their stand and when the vote is taken to support this measure.

As I have said, the letters have come in by the thousand to members of parliament and to the government. I am sure I could not explain the desires and the wishes of western grain producers in this regard as well as

they are explained in this letter from Mr. Harold E. Voechting, of Tribune, Saskatchewan, dated April 20, 1955, which reads as follows:

Mr. Hazen Argue, M.P.,
Ottawa, Ontario.

Dear Mr. Argue,

As our member of parliament for our riding, I follow with interest your various speeches and debates in the House of Commons.

As a farmer, grain grower, I am vitally interested in any legislation that is for better living and working conditions for the farmer. Grain quotas, box car shortage, and storage space are as you know one of our biggest headaches on the farm, and the unequal distribution of box cars is very annoying. Under the present system, if a farmer wants to sell any grain he must take it to the elevator that the railways see fit to send cars to. Special shipping orders by the wheat board have made the car order book obsolete. I think it is time some legislation was enacted to let the farmer at least have a choice of where he can deliver his grain. We are supposed to be living in the freest country in the world, yet our government will not devise a plan that will enable the grain grower to be able to deliver his grain to the elevator of his choice.

I urge you, Mr. Argue, as our very capable M.P., to do your utmost to have the government pass such legislation at this sitting.

That sets forth the wish of western farmers to have restored to them the right to deliver grain to the elevator of their own choice.

Government members may claim that the present situation is merely temporary, that if we should have another poor crop the congestion will not be nearly as great, and that therefore it is unnecessary to amend the Canada Grain Act in this regard. However, I should like to point out to government members that modern methods of harvesting our grain crops make it possible and practical for farmers to harvest all their grain within a few weeks, and haul it out to the elevators. The farmers being very short of cash, as they are particularly when their crop is small, are anxious to haul out as much grain as they can, as quickly as they can, in order to cover their accounts. Hence they naturally attempt to haul their grain out as quickly as possible after harvesting so that even if there is a relatively small crop, as there was in 1954, the congestion continues. The congestion that has continued over the last three years with regard to this box car situation is therefore likely to continue in the future, I suggest, because of our new, modern methods of harvesting and hauling grain.

That being the case, I suggest to the government that the amendment that is required is not one to amend the Canada Grain Act just for this year, to meet a temporary situation, but is an amendment that is necessary to meet a situation that is likely to continue for many years to come.

In this demand all farm organizations in western Canada are united. The western wheat pools are speaking with one voice. The farmers' union, in one brief after another presented to the government, have mentioned the problem of box car distribution and have asked that a fair method of box car distribution be adopted. The measure I am proposing this afternoon is that the Canada Grain Act be amended to read as follows:

If, at any time, no unfilled application for a car appears in the car order book at a marketing point, the railway agent shall then apportion railway cars among the elevator companies in the proportion that the acreage has been divided among the elevator companies.

The bill in the preceding paragraph makes it possible for farmers to list their acreage and to apportion their acreage among the elevator companies at the marketing point. After they do that, as set forth in this bill, before October 1 in each year, then the number of acres allotted to each elevator shall be added up and, on the basis of the farmer's choice as outlined by the allocation of his acreage, the railway companies are accordingly required to apportion the box cars among the elevator companies.

As I have said, this fundamental principle is being supported by all farm organizations today. The Saskatchewan wheat pool has sent to the various members of parliament a brochure setting forth their opinions and their suggestions as to how this problem can be dealt with. They are asking that the farmer himself have the right, by posting his acreage, to elect where he wishes to deliver his grain and by so doing to make provision for box cars to be spotted accordingly.

The only real difference I can see between the bill that is now before the house and the proposition advanced by the western wheat pools is that by my bill the farmers would vote by open ballot, whereas the wheat pools are suggesting that the choice be made by secret ballot. If the government is prepared to adopt the suggestion of the wheat pool organization, I for one shall be pleased to support it. I do not think it makes much difference whether the farmer sets forth in his permit book, as he now does with regard to his seeded acreage, his opinion as to where he wishes to deliver his grain or whether, as the pools suggest, he expresses his opinion on a ballot which is subsequently placed in an envelope and sent to the board of grain commissioners for their guidance.

The thing that is important is the principle, namely that farmers have a right to deliver grain to the elevator of their own choice. Farmers, I believe, should have the same economic freedom as is now enjoyed by every other group in the Canadian economy.

By this bill we are asking that farmers in western Canada have that fundamental freedom restored to them.

I suppose that members from non-prairie provinces may say they do not take any interest in this measure. But I suggest that the principle involved in this measure is far more fundamental than whether a number of box cars should go to one prairie elevator or another. The extremely important principle is that no group of Canadians should be denied something that I suggest every member of parliament must believe is a democratic, basic Canadian right. The right is that any Canadian, when he decides to sell his produce—whether it be agricultural produce or whether it be his labour—has a right to sell that product to the firm of his own choosing. To say that western farmers today have that freedom would be to deny the truth of the statements by thousands of farmers that have been received by members of parliament and by the government.

The wheat pool set out in some detail the type of amendment they are seeking. In addition to this general, broad method of determining the distribution of box cars, they say that if the wheat board must order out of turn box cars, those additional out of turn box cars must also be calculated in the formula. I would suggest one further amendment that might be placed in the statute or might be provided for by regulation. That is if, because of the out of turn box cars, within the full year period the exact apportionment has not taken place according to the farmers' own wishes, whatever extra box cars an elevator may have obtained should be carried forward into the next year and be treated in the next year's formula. If that were done the apportionment could be made absolutely in keeping with the farmers' own wishes.

We have been at this problem now for a number of years. We expected that we would get it solved when the transport controller was appointed. The transport controller had his powers extended in the 1953-54 session. Under that statute the transport controller has power, in my judgment, to do everything that we are now asking be done in the way of the distribution of box cars. However, he has never cared to exercise the authority to allocate box cars that parliament has provided.

As I have said in previous debates, he does not really allocate box cars at all. If a member or someone else gets a complaint that a given point is not getting sufficient box cars, and if the transport controller is asked to do something about the situation, he will bring it to the attention of the railway company in the hope that the railway company will provide additional cars at that marketing point; but at no time does he allocate box cars among the elevator companies on the basis of the farmers' own choice.

To solve this problem we have tried the transport controller, and that has been a complete failure. The minister has said in the past that the car order book, a provision that has been in the Canada Grain Act for a great many years, was sufficient to give farmers the right to deliver grain to the elevator of their own choice. For example, in the debate on December 15, 1953, the Minister of Trade and Commerce had this to say, as found at page 937 of *Hansard*:

> I do not think enough attention is being paid to the car order book.

Then he went on to explain the provisions of the car order book. He said the car order book is a method by which the farmers can determine where box cars shall be spotted, and by that method can provide for their use sufficient space in the elevator where they wish to market their grain. Of course the fallacy of that argument is that the car order book has already been tried. The car order book has a lot of merit and can do a job in many instances, but as soon as the farmers at a local marketing point have the car order book in effect, and as soon as other farmers at other marketing points across western Canada have the car order book in effect, what happens? The transport controller steps in, uses his wide powers and suspends the operation of the car order book. Farmers are then back in exactly the same position they were in before they began using the car order book.

In other words, instead of the transport controller and the government assisting the farmers to market their grain at the elevator of their own choice they have taken away in many instances the one provision which was placed on the statute books of the country long ago so the farmers might have that right. Instead of helping the farmers to use this fundamental right the government helped take it away.

We thought we were making some progress last year. We had a long discussion in the standing committee on agriculture. We had witnesses from the various grain companies. We had the minister saying that he was considering the implementation of a car cycle whereby the government, the transport controller, whoever was in charge, would take a period following the war in which there was little congestion, and on the basis of the business done by each elevator company at the marketing point would apportion box

cars accordingly. I was never enthusiastic about that procedure. I thought something better should be done. I did not think you could obtain justice for the farmers in 1955 by tying the distribution of box cars to the dead past, to the wishes of farmers in a previous period even though it was a period in which there was little congestion. But I was quite prepared to admit that that kind of car cycle woud be a vast improvement over the present method of allowing the railway companies, in the main, to determine the distribution of box cars at any elevator point.

I have reviewed the lack of action by the government. I have pointed out the fact that the government, instead of helping the farmers to solve this problem whenever by their own volition they have attempted to do so, has permitted the transport controller to step in and block the farmers' action by cancelling the car order book.

I have said many times that the personnel of the board of grain commissioners are not carrying out the wishes of organized agriculture and the farmers generally. We all know that in some instances the board is loaded with straight political appointees, and if it is not a straight political appointment then you can almost be certain it will be somebody who was very closely connected with the Winnipeg grain exchange. Whenever you get this Liberal-grain exchange partnership the farmers of western Canada are bound to suffer. I think that is one of the real reasons why they are in this difficulty today. Apparently there is no one in the board of grain commissioners or in the ranks of the cabinet who wishes to restore to the farmers this fundamental right. They would far rather continue this conspiracy to deprive the farmers of a fundamental Canadian right.

I do not claim that this bill is necessarily the final answer. I do not really care whether or not this particular measure is adopted, as long as I get the assurance from a responsible cabinet minister that legislation will be brought in by the government at this session to fulfil the letter and the spirit of the requests of the three western wheat pools as far as amendments to the law are concerned. I am prepared to go further. I am prepared to support in committee any amendment by the government that they might think would improve the measure in order to carry out its principal objective. As a further alternative, if after the measure has received second reading, the government would like the whole question reviewed once again by the standing committee on agriculture and the bill reported back to the house at this session, I am quite prepared to agree.

[Mr. Argue.]

But I shall not allow the measure to drop unless and until there is concrete assurance from the government that action will be taken at this session to meet the requests of organized agriculture. If the Liberal members from Saskatchewan wish to stay in tune, which is questionable, with the opinions of the Saskatchewan Liberal party, they will support the principle of this measure. But since Saskatchewan now has two Liberal parties, or a Liberal party that functions in two parts, it is rather difficult to forecast what their position may happen to be.

Mr. Studer: The socialists have none.

Mr. Argue: I should like to remind the hon. member who has interrupted that at a certain Liberal party convention held in the province of Saskatchewan in September, 1954, a motion was moved and adopted with respect to this matter, and in the Saskatoon *Star-Phoenix* of September 23, 1954 there is the following:

> Resolutions designed to make life more enjoyable for farmers were passed at the provincial Liberal party convention here Friday.

Wonderful.

> On the question of box car allocation, the convention urged that the Canada Grain Act be amended to provide for placing box cars at country elevators in accordance with the farmers' preference so they could deliver grain to the elevator of their choice. At the same time, the act would retain for the individual growers their right to order cars under the car order book section.

Liberal members of the house from Saskatchewan can demonstrate that they really want to take steps that would make farm life in Saskatchewan more enjoyable, not by supporting a fundamentally C.C.F. measure but by supporting a resolution of their own convention in Saskatchewan last fall, calling for amendments to the Canada Grain Act to restore this fundamental right to western farmers.

To show that at least the provincial section of the Liberal party meant business, may I point out that a resolution was unanimously supported in the Saskatchewan legislature which asked that this right be restored. The resolution, moved by Mr. Wooff and seconded by Mr. Swallow, is listed in the votes and proceedings of the legislative assembly of the province of Saskatchewan for March 24, 1955, and reads as follows:

> That this assembly urge the federal government to implement a box car distribution that insures the farmer the right to deliver grain to the elevator of his choice.
>
> A debate arising, and the question being put, it was agreed to unanimously.

That was the resolution passed by the Saskatchewan legislature and agreed to unanimously by members of the Liberal party and of the C.C.F. party, asking the federal

government to implement a box car distribution system that would ensure to the farmer the right to deliver grain to the elevator of his own choice. It was carried unanimously; all were for it.

I ask Liberal members of parliament from Saskatchewan and from other provinces in western Canada to stand in their places and support the restoration of this fundamental right to western farmers.

Mr. Castleden: And call a vote on it, too.

Mr. Argue: We shall take care of calling the vote in due course.

The three western wheat pools are asking for such an amendment to the Canada Grain Act. The demand is also approved by the farm unions. And I suggest to Liberal members from western Canada that they should look at the state of the Liberal party and ask themselves why their party in three of the western provinces is, for all practical purposes, almost non-existent. It is because it has ceased to be the voice of the common people of those provinces. And if the Liberal party in Manitoba as well is not to continue on the skids, downhill, then Liberal members from that province who sit in the House of Commons should on this occasion, and on future occasions, vote in the interests of their farmer constituents who have sent them to the House of Commons to work on their behalf.

I suggest to members on all sides of the house that, as good Canadians, believing in the democratic right of free choice, they should support this measure that will restore to western farmers a fundamental Canadian right, namely the right to deliver grain to the elevators of their choice.

Mr. Rene N. Jutras (Provencher): Mr. Speaker, I wish to say a few words about Bill No. 22. As the hon. member sponsoring the bill has said, this very same bill was presented to the house last year and the year before. Each year I have had quite a bit to say, and I do not propose this year to repeat what I said previously.

However, in view of statements made by the hon. member for Assiniboia (Mr. Argue), not to mention the gratuitous political advice he so profusely handed out to all members in the house, I should like to refer to some of his remarks. One thing that struck me above everything else is that he tried to leave the impression—indeed he so stated specifically and repeatedly—that the government had purposely gone out of its way to deny a long-acquired right of farmers to deliver to the elevator of their choice. Of course nothing could be more ridiculous than such a statement.

Mr. Castleden: Prove it.

Mr. Jutras: I shall. Just hold on. I have 40 minutes to prove it. Everybody knows that no one has denied anyone any right on that score at all. It just so happens that, because of a shortage of box cars, a situation has developed.

The hon. member said the government had ignored the plea and the demand of farm organizations out west. Again, to say the least, this is a very broad exaggeration of the true situation; because I am sure that even the farm organizations, particularly the three wheat pools primarily concerned with this matter, would be the first to deny that statement. On every occasion—and it was repeated recently—the government and the Canadian wheat board have given the matter careful consideration and have tried to meet the wishes of all concerned, including the private line companies, in order to find a solution to this problem.

One of the main difficulties of my hon. friend from Assiniboia is that he associates with this bill the right of a person to deliver to the elevator of his choice. I suggest there is a vast difference between the bill as he has presented it and the right to deliver to the elevators of our choice; because there are grave doubts in the minds of many producers in western Canada that this bill will do what the hon. member says it will do.

Last year, when we sat in the committee on agriculture, this whole matter was gone into at some length. Representatives of the pools were there to testify and the secretary of the line elevators' association, which represents all the line elevators in western Canada, was also present to give his testimony.

In this way we got the story from all angles, including evidence from the board of grain commissioners and the Canadian wheat board. As a matter of fact representatives of the various pools were asked what they thought of the bill sponsored by the hon. member for Assiniboia, and each of them replied that he had very grave doubts that the bill could be made workable.

After listening to all the evidence and doing my share of study of this problem, it is my opinion that the bill is not workable and, as I said, I believe the pools agree. As a matter of fact, as the hon. member has said, the pools have offered another method by which they thought this situation might be resolved.

Mr. Castleden: Almost identical.

Mr. Jutras: If it had been the same the pools would not have gone to the trouble of preparing it.

Mr. Castleden: It is the same; I have it.

Mr. Jutras: The mere fact that they went to the trouble of circularizing all members in Saskatchewan, and of sending the resolution to members of the government is proof enough that they thought their system was better than the one offered by the hon. member for Assiniboia. I do not think there can be any doubt about that.

Now, the hon. member for Assiniboia suggests in one breath that we should adopt this bill today, and in the same breath urges that we should adopt the suggestion of the pools. I do not see how the two views can be reconciled.

Mr. Argue: Which are you for?

Mr. Jutras: If the act is amended as set out in Bill No. 22, then automatically the suggestion by the pools falls by the wayside. Surely the hon. member is not advocating both. The hon. member has tried to excuse himself by saying that, in effect, the suggestion by the pools is the same as his. Obviously this is not so.

Mind you, let me say that I do not think the suggestion of the pools would solve the problem, either. We know that the objective everybody is seeking—and it is not to be found exclusively in the C.C.F. party, the Liberal party or for that matter any other political party—is to devise a way of re-establishing the order of things as it existed before the shortage of box cars occurred, and that is to allow the farmer to sell to the elevator of his choice. Well, the car order book is one part of the Canada Grain Act which attempts to preserve that right.

Last year we had a suggestion from the pools, mainly, that the car order book be reinstated, and the government reinstated it. At the time I did make my position quite clear. I did say that I doubted very much whether you could make the car order book function in a condition of congestion such as we have at the moment. I expressed grave doubts. I thought the transport controller had shown good judgment the year before when he suspended the operation of the car order book.

We have had the experience of another year with the car order book. I think I detected—although he did not say so in so many words—in the remarks of the hon. member for Assiniboia that he now thinks the car order book is not functioning the way it should. He did not suggest that it be suspended again, but personally I think the time has probably come when it should be suspended, because it cannot be made to work efficiently and equitably in a condition of acute shortage such as we have at the moment.

It will be interesting to hear what the various pools will have to say before the agriculture committee. This whole matter should be left until we have discussed the matter again before that committee. Again I hope that all the pools and all the organizations concerned will make it a point to appear before that committee and present their case and try to find a solution, if one can be found, to the problem. Mind you, the problem today is not what it was last year and the year before. My impression is that the problem has greatly shifted. The problem at the moment is not so much the equitable distribution as between elevators at one point. As I understand it at the moment, the problem is far more the allocation as between companies, and that is a problem which has to be met in another way.

As long as there is an acute shortage of cars, I do not care what scheme anybody tries to devise, there will be a problem and it will be a hard one to solve. Personally I do not think we should clutter up the Canada Grain Act with any elaborate scheme of car distribution. I do not think it should be included in the act as permanent legislation. I admit that the situation is not as acute in Manitoba as it is in Saskatchewan, and my understanding is that it is not as acute in Alberta as it is in Saskatchewan.

A moment ago the hon. member referred to the hundreds of letters he had received from the various pools. I for one have not received any letters except the one master copy that was sent from the Saskatchewan wheat pool organization, and I do not know of any other members from my province who have received any copies. I think that is generally true of members from Alberta. That would tend to indicate that the problem is definitely more acute in Saskatchewan than it is in Manitoba or Alberta. The point is that we do not hear the cry we heard in previous years that the railways were distributing box cars on the basis of one elevator, one car. I notice that the hon. member for Assiniboia, whether deliberately or not, did not refer to it this year, which would again prove my contention that the problem is not exactly the same as it was in previous years.

The evidence in the agriculture committee last year proved that it would be hard to argue that box cars were allocated on the basis of one elevator, one car, because the statistics presented to the committee showed that the various companies, line elevators as against the pools, did not deliver the same amount of grain and consequently could not receive the same number of box cars. The only dispute there could be would be about

percentages. Therefore the argument that they delivered on the basis of one elevator, one car, could not be advanced very successfully in view of that evidence. However, as I say, this matter will come before the agriculture committee and I hope that we will all avail ourselves of the opportunity to get all the information necessary on that point. I know we can get it, because the witnesses will all be there. Surely it would be advisable and wise to wait until we have all the latest evidence and the recommendations of the various bodies before we embark on any particular scheme.

In view of the fact that the Saskatchewan wheat pool, which is the major marketing agency in the province and which handles a very large percentage of the crop—as a matter of fact, in 1952-53 they handled 46 per cent of all marketings in that province—has a suggestion of its own, we should at least give it the advantage and privilege of presenting its scheme to us in the agriculture committee, and we should study that scheme before passing this bill. As I say, the one is not the same as the other.

It is all very well to ask the farmer to elect where he wishes to deliver his grain. I say to the hon. member who presented this bill that I never could understand why he chose October 1 for the allocation of cars. After all, by October 1 in Manitoba most of the crop has already been sold. This is just a technical detail. Once the farmer has elected to deliver to an elevator his choice disappears, because he has to deliver to that elevator. In other words, he is at the mercy of that one elevator for that crop year.

My hon. friend shakes his head. I know what he has in mind. He says oh, no, he does not have to; he can elect. How can you allocate cars if the farmer can change his mind and give his grain to one elevator one day and another elevator another day? If you do that you will have more confusion than ever. If a farmer is to elect according to his choice, then he has to make the choice. If he does not have to make a choice, how can you allocate box cars? It is either one or the other. You cannot possibly have it both ways. That is the opinion of a great many people.

Let me tell the hon. member that a great many producers would hesitate before tying themselves up to one elevator for a whole crop year. It may be all right in some places where there is a very staunch supporter of the pool. He may not hesitate too much to sign all his acreage to the pool elevator. But there are many points at which there are no pool elevators, for instance, and there are two or three private concerns. I am sure farmers would hesitate before tying themselves down for the whole crop year to one line elevator or the other.

In spite of the fact that at the moment the farmer may not have a full choice, he still has a choice; and when he gets into a row with elevator A he can cross over to elevator B or elevator C and sell over there. I have done it myself in the last two years, though I am not saying I have gotten into rows with elevator companies. I did it because the line-up was too great. There are a great many factors to be taken into consideration when a farmer has to deliver, and he cannot foresee what may happen five or six months in the future.

As I said, I do not intend to reiterate everything I said last year and the year before. But the fact is that a lot of people are leery of this great rigidity, and I do not think it should be placed in the Canada Grain Act. But that does not mean that the problem cannot be solved to a large degree.

The hon. member made the statement that the railroad companies have the power to deny to a farmer the right to deliver to the elevator of his choice. That statement is outdated, and I challenge the hon. member to give me one case in the last year where the station agent was in position to do that. You can read the statement and think it over. The cars are not sent to the agent for the agent to do what he likes with them. This situation does not exist at the moment. If the hon. member will write to any of his friends who are station agents they will tell him that they have not had that privilege for some time.

Then the hon. member said the matter had been referred to the transport controller, who had done nothing. Again this is an exaggeration of the facts. The transport controller and the board of grain commissioners have no jurisdiction in the matter. I challenge the hon. member to show me any section in the Canada Grain Act which gives them authority to allocate box cars in a given point. To say that the matter was referred to the transport controller who had done nothing is leaving a wrong impression, and I do not think it is fair to the transport controller, who has done an excellent job. There are many producers in the west who are grateful for what he has done. He is still doing a great job as controller. There has never been a case to my knowledge since he was appointed controller where a ship has had to wait for grain because there were no cars to move it. Anyone who will look at the matter objectively must agree that he has done a great job.

The fact remains that the board of grain commissioners never had any authority to allocate box cars. Possibly under section 15 (k) they could allocate cars as between stations, but that is all they could do. Acting unofficially the controller has tried to help because he is in constant contact with the railroads. His efforts have relieved the situation in some places. I do not think anyone has any complaint to make as to the allocation between stations. The hon. member has raised this point consistently every year in these debates but the fact is that these people are not involved, because they have no authority in the matter. Authority has never been given to them.

This bill is not what the wheat pool is asking for. The wheat pool has made its own suggestion, which will be placed before the agriculture committee. I expect that their representatives will be there to defend it, and I expect also that representatives of the line companies will be there to present their case. We will then be in position to appraise the situation and see if anything can be done.

It has been said that this box car shortage will be a continuing condition, and with that I agree to a degree. It is quite likely that there will be congestion at the time of harvesting for perhaps three or four weeks, but apart from that it is quite likely that there will not be the necessity to allocate box cars.

It comes down to this one fundamental, that there are just not enough cars to go around and you cannot split a car in two.

We have tried various methods and they have not worked. According to the experts the method suggested by the hon. member for Assiniboia is not workable either. The pool have another one, and there are grave doubts whether that will be workable. However, we do not know the details but we will find out later about it. I suggest that this debate should be postponed until hon. members have had an opportunity to discuss the whole matter in the agriculture committee. They will then be in better position to make recommendations.

May I call it six o'clock?

The Acting Speaker (Mr. Applewhaite): At eight o'clock the house will resume consideration of the business it was considering at five o'clock.

At six o'clock the house took recess.

[Mr. Jutras.]

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell, and the amendment to the amendment of Mr. Coldwell.

Mr. E. G. Hansell (Macleod): Mr. Speaker, before five o'clock I had just a few minutes to begin my presentation on the budget, and at that time I stated that I did not quite comprehend why the budget that is brought down from year to year had been so glamourized. I stated that for my own part I considered it one of the driest speeches during the whole parliamentary session, perhaps because a good deal of it was technical. I wondered why it should be surrounded with such glamour for, after all, almost any budget that is brought down is bad news. However, it is glamourized.

I remember many years ago the first budget speech I listened to. Hon. Mr. Dunning, who presented that budget, came dressed for the occasion in his morning coat and striped trousers, and with a flower in his lapel. It certainly added to the dignity of the occasion, but when I attempted to analyse that budget and discover what he had done for the people in those depression days, I wondered why he really needed to don such finery.

Mr. Knowles: The morning coat was appropriate, if it is spelled right.

Mr. Hansell: If it is spelled right. The practice evidently has continued; although the present finance minister did not wear such dignified apparel, he did put on his Sunday clothes and wore a flower in his lapel.

I am not so interested in why he should look his neatest when he presents a budget. The amazing thing to me is that the people crowd into the gallery so much to listen to that speech. If they were only wise they would tune in their radios that night, or go out and buy a newspaper, and they could read in about three minutes the thing they really wanted to find out; that is, whether or not they were going to get any relief from their taxation. But when I see them in the gallery, crowded as they are, I cannot help thinking that they look like several hundred or a thousand prisoners in the dock. There

they sit, in reality waiting to hear their economic sentence for the next year.

These citizens have committed no crime. They have not robbed any banks, they have not cheated, and I do not think they have done too much lying—not any more than I have. Yet there they sit, waiting to hear their economic sentence, the sentence for being good citizens. They may not know it, but there they are with a noose around their necks—an imaginary one perhaps, and yet a very real one. It is the noose of taxation and, as they listen to the Minister of Finance, they are actually listening to find out whether that noose is to be tightened a little and choke them a little more, or whether it is to be loosened just a little—not very much, as they cannot afford to loosen it too much. Of course they cannot afford to tighten it too much either, or the patient will die and then, of course, they will not get any taxes at all because dead people pay no taxes. That is how it appears to me.

As I said before five o'clock, these budgets may be of interest to business in the country, but I really wondered what the average person thought about them. I had a request the other day from a friend of mine for a copy of *Hansard* containing the budget speech. So I sent him a complimentary copy with a covering letter telling him that I was very happy to enclose this budget speech but that I was quite sure he would not understand what it was all about. I said it would take him much longer to read than I thought he perhaps at first had anticipated; and that when he got into some of the tables I was quite certain that he would not be able to understand them, as perhaps 99 per cent of members of parliament are unable to understand them.

What is it that the average person is looking for? What is it that the average person is thinking about? I do not believe he is thinking in terms of all sorts of complicated tables, necessary as they may be, coming from the Minister of Finance of this country. What the average person is looking for is the highest possible standard of living in order that he might enjoy life as a free citizen of Canada.

It seems to me that the great objective of the financial policy of the government should be to give the people of Canada the highest standard of living, and yet allow them to remain free to enjoy life to the utmost of our productive capacity. It seems to me that should be a very simple thing, yet somehow or other the government does not seem to be arriving at that ultimate objective. The people look around and recognize that Canada is capable of producing tremendous quantities of almost everything. They see that Canada's productive capacity is able to give perhaps the highest standard to all citizens in the country. I must be fair in this regard, and I think when times are good we have a reasonably high standard of living. However, it occurs to me that it is a strange state of affairs that times can be good only when the country is going into debt. People want to be free to live and enjoy life in their own way without any interference from dictatorial controls from the top.

We are facing a problem in Canada today. I am not going to take time to speak on the unemployment problem, but there is no question that it exists. The Minister of Trade and Commerce, as well as other officials, have admitted that one of the reasons for our unemployment is that there is overproduction. We in this corner of the house refuse to use that term "overproduction". We claim there is underconsumption. However, ministers have admitted that because there is an abundance of everything—overstocked inventories, I believe, is the phraseology used—therefore we have unemployment and hardship.

To those who sit in this corner of the house the problem is not difficult but, evidently because the government are pursuing a certain financial policy, the problem does appear to them to be difficult. They call their dominion-provincial conferences and make all sorts of plans as to how they are going to deal with this situation, without fundamentally changing their financial policy.

What is the picture? We have a picture here of an abundance of everything that could make life happy and contented and secure. Canada is able to do that, as far as material production is concerned. We have the goods piled up. It does not make any difference what it is. It can be foodstuffs, furniture or clothing. It can be whatever it is that meets the people's needs. There we have it piled up in abundance.

On the other hand what do we find? We find people with incomes that are not adequate to live on. Even those who have fair incomes are obliged to stretch their dollars in order to live. If some of them want to get something that is a little bit beyond their everyday pay envelope, they are obliged to get it on the instalment plan, thus mortgaging their future incomes so they cannot possibly buy future production. Those who are unemployed have no incomes, and those who are employed have not incomes high enough to buy that great volume of goods that Canada is able to produce and does produce.

Between those people and that great pile of production sit the cabinet, the people who govern the business and economic welfare of Canada. There they sit. What is their problem? Their problem should be simple. Their problem is to get that pile of goods distributed to those people. That should be a simple matter. Yet somehow or other it is a tremendous problem for the brains of this country, sitting in the seats of the mighty, to bring those goods to the people to whom they really belong. Why is it that they cannot move those goods? To put the matter in a simpler fashion, here are six loaves of bread and here are six hungry men. Yet the brains of the country cannot say how those six loaves of bread can be moved to those six hungry men.

Mr. Ellis: They believe in private enterprise.

Mr. Hansell: That is a strange situation. You would think there were enough brains in the cabinet to figure out the solution, would you not? There should be. The other day I happened to look in the Parliamentary Guide and did a little bit of figuring. It may be startling, Mr. Speaker, for me to tell you that distributed among the men in the cabinet are no less than 59 doctor's degrees. Some of them, of course, are honorary degrees. There are 7 master's degrees and perhaps a good many more that are not mentioned because of the fact that if their doctor's degrees are earned, their master's degrees are not always mentioned. There are 12 bachelor's degrees. There are one or two of the cabinet who were lecturers in universities, and two of the cabinet were at one time chancellors of universities.

You would think that with all those brains residing within the craniums of those who sit on the treasury benches, Mr. Speaker, they should be able to figure out how to move that vast production over to the people of Canada who have produced it and to whom it rightfully belongs. You would think that, but they cannot do it with all their brains. Yet it is said that those of us in this corner of the house who claim to have the solution to the problem have no brains.

Some hon. Members: Oh, oh.

Mr. Knowles: Put it on *Hansard*.

Mr. Hansell: My leader says he is going to quit the party now. I hope I am not left to lead it, because I am afraid I shall have to lead a party without any brains. At least that is what our Liberal friends think.

Mr. Knowles: The blind leading the blind.

[Mr. Hansell.]

Mr. Hansell: We have been labelled the crackpots; we have been labelled the funny money men, but I am going to say this. If all those brains that are now resting on the treasury benches cannot solve this simple problem, perhaps the people will some day see fit to use their brains and put us crackpots over there on the government side to do the job. I am quite satisfied that we could do a job of that kind more efficiently than those who have among them 59 doctor's degrees, 7 master's degrees, 12 bachelor's degrees, university lecturers and university chancellors.

Mr. Winch: The independents are looking for a leader.

Mr. Hansell: The independents may be looking for a leader but if the C.C.F. go on the way they are going, they will be looking for members.

Mr. Knowles: The country is full of them.

Mr. Hansell: I have listened to some of the speeches today and there is no question in the world, Mr. Speaker, that the present Liberal government is not solving the problems that face the Canadian people. Of course, I must go around the house. I have listened to my Conservative friends.

An hon. Member: Friends? What do you mean?

Mr. Hansell: I hope I never cease to have friends. Even those in the Liberal party are my friends, I hope. I sometimes really hate myself. Do you know what my job is? Believe it or not, my job is to go out through this country and depose all you members. That is a dirty thing. I am obliged to go out through this country and help to unseat my friends. Just imagine that.

Mr. Boisvert: You may find yourself unseated some day.

Mr. Hansell: As I say, I hate myself when I think of it. My only compensating thought is the knowledge that my friends are out to unseat me.

I have heard my Conservative friends speak on this budget and I am amazed. There are some bright chaps in the Conservative party today.

Mr. MacDougall: There were until they went over to you.

Mr. Hansell: They rant away at what is wrong with the budget, yet they do not offer any change in fundamental policy.

Mr. Dufresne: We are not through yet.

Mr. Knowles: When are you going to start?

Mr. Hansell: It is a nice thing to know that my friends are not through yet; but I have listened to them for a good many years and I have not heard them suggest any change in fundamental policy. What they are doing may be illustrated in this way. The Liberal party is in an automobile. There is something wrong with the carburetor and something wrong with the fundamental principle of the combustion engine.

Some hon. Members: Oh, oh.

Mr. Hansell: My Conservative friends say, "If you will only let us get in the driver's seat we will be able to make that old jalopy go much better than you can. The trouble with you is you have too many bolts on the bumper at the back and not enough bolts on the bumper at the front". They would change the bumpers around and put more bolts in here and more nuts in there.

An hon. Member: You have a monopoly on the nuts.

Mr. Hansell: I call my Conservative friends the bolts and nuts boys. What we need is a different fundamental policy. We are trying to ride in the old jalopy when we are now in a new age with a different type of combustion engine altogether. What we Social Crediters claim is that present financial policy cannot possibly meet the needs of this advanced age. I want to say a word to my socialist friends.

An hon. Member: They want to take the wheels off the car.

Mr. Hansell: They are not concerned with such changes. They are concerned with who owns the car. That is their trouble, but I do not like to say too much about them. They are having their troubles, and I do not want to put myself in the position of kicking a man who is down. I am afraid I will have to be a little more gracious to them. My friends have simply gone all to pieces lately, and I like to be as kind and considerate to them as I can.

Of course the reason they have gone to pieces is that they have been trying to ride two horses at the same time. They have been advocating nationalization when in reality they have at the same time been supporting a good deal of free enterprise. They talk nationalization, yet some of them own their own farms and businesses. When you talk of nationalizing their farms and businesses they turn thumbs down on that. In fact we listened to a speech this afternoon by the hon. member for Assiniboia (Mr. Argue). I cannot quote from his speech because it was in another debate, but what did he do? He made a speech on the necessity of the farmers of Canada being free to choose—

Mr. Ellis: C.C.F. policy.

Mr. Hansell: —where to deliver their grain. My C.C.F. friends talk continually of a planned economy, but when the government attempts to plan the routing of cars in an emergency they say, oh no, you must not do that. You must not plan, you must give the farmers an absolutely free hand. It does not make sense. All I am saying is that you cannot ride two horses at the same time. If it is to be a planned economy then let them go the limit and have a planned economy.

I hope the day never comes when we have a socialist planned economy in this country. I have asked them before and I ask them again, who is going to do the planning? They are not going to be satisfied to let us do the planning. They are not going to be satisfied to let the government do the planning. They are the ones who want to do the planning, so when they talk of a planned economy you can put it down, and make no mistake about it, that they believe in a socialist planned economy. A socialist planned economy means that the freedom of the people is thrown to the winds. You cannot have a planned economy if the people rise up and say "We do not want to fit into the plan". What is going to happen then? A planned economy means the loss of freedom.

I do not like to say I had a dream the other night, but I am mighty glad it was a dream. I woke up with a nightmare. I saw my C.C.F. friends sitting on the government benches.

An hon. Member: That will be the day.

Mr. Ellis: A vision of the future.

An hon. Member: That certainly was a dream.

Mr. Hansell: It was worse than a dream; it was a nightmare. They had their own boys sitting there and they had changed the names of the portfolios somewhat. Here was Hon. Mr. Coldwell sitting there as prime minister. Beside him was Hon. Mr. MacInnis who was labelled as minister of the public purse and taxation. Beside him was Hon. Mr. Cameron, controller of defence production. Here was Hon. Mr. Stewart, minister of foreign affairs, world government and demobilization of NATO. Then there was Hon. Mr. Nicholson, minister of justice, Hon. Mr. Regier, minister of provincial relations, Hon. Mr. Knight, minister of propaganda and cultural stimuli, and Hon. Mr. Noseworthy was minister of labour. Then Hon. Mr. Knowles—this was the nightmare—was secretary of state for war. Hon. Mr. Herridge

was minister of northern affairs and dam sites. Hon. Mr. Ellis was minister of salt mines and technical surveys. Hon. Mr. McCullough was minister of socialization and confiscation, but there was one thing they would not allow him to socialize or confiscate, and that was the very pretentious farm he owns. Then there was Hon. Mr. Argue, minister of agriculture and bull raising.

That did not make up all their cabinet. They wondered where they could get a minister of citizenship, so they drafted Hon. Mr. Pickersgill and made him minister of citizenship, immigration and birth regulation. There was no minister of welfare because there was no welfare to administer. There was no minister of trade and commerce because they had planned and priced themselves out of the market and could not sell anything. One thing they have always said they would do when they got into office was abolish the Senate, but they did not do away with the Senate. I found that they had elevated Hon. Mr. Harold Winch as leader of the Senate.

Mr. Knowles: He would see that it was abolished.

Mr. Hansell: There was another thing I saw and then I shall be through, Mr. Speaker, because I know you must think I am wasting a lot of time. There was one man in their party they thought should be used for something lest they might lose him, as they have lost others in the past. Yet they did not want him in an official position where he could upset the applecart. So they decided to make Hon. Mr. Clarie Gillis speaker of the house, and Hon. Mr. Coldwell came to him and offered him that position. Mr. Gillis said, "Oh, M. J., just a minute, now; I don't know anything about the rules and regulations of this house. I have not studied those." Mr. Coldwell said, "Just a minute now, Clarie, my boy; you won't have to worry about that. You will have our friend Stan sitting beside you all the time, and he will be able to help you. A wink of the right eye will mean to decide Yes, and a wink of the left eye will mean that you are to decide No. The only reason we are putting you in this position is that we have looked around, and we believe you are the only one who can wear those robes with authority and that tricorn hat with any degree of dignity." And so Clarie was put there.

I know I should close on a serious note. I do say this, that it will always be a problem for this government to find a solution to the difficulties confronting the country. They will always have difficulty if they do not alter the basic principles of their financial policy so those principles reflect the physical facts and physical possibilities. That can be done. We are not going into all the technical arguments on the subject, because we have done that on occasions over the years. But if this government does not alter its basic principles in finance, then the people of this country are going to arise and change the government.

I say once again that I believe the only party in this country that has a solution for that problem consists of those of us who believe in the financial reforms the Social Credit party has presented to the house for a good many years.

Mr. A. J. Brooks (Royal): Mr. Speaker, I am sure we all enjoyed the speech of the hon. member for Macleod, who has just taken his seat. I might say there was just one disappointment in his description of his nightmare and that was that, in my view, he did not complete it. To complete a nightmare such as he described, the Social Credit party would have to be Her Majesty's loyal opposition, with the hon. member for Macleod the leader of the opposition. I think that would just about complete the sort of nightmare or dream he had.

When the hon. member rose to speak this evening he apologized, and I almost feel I should follow his example, because I know a great many members are getting pretty tired of this debate. I would point out to them, however, that I have sat here a good many hours and listened to some tiresome speeches, and I think perhaps I am justified in speaking for a few moments this evening. Perhaps I should add that I do not intend to speak for any considerable length of time.

However, one subject was touched upon in the debate which appealed to me, as did many others. This one in particular, however, had to do with the recommendation made by the government in connection with the appointment of a royal commission. At page 2740 of *Hansard* the Minister of Finance said:

> The government intends, therefore, to appoint a royal commission with instructions to look ahead and examine carefully our future economic prospects. The sort of study we have in mind would include probable developments both in our productive capacities and in our external markets.

Not only does that appeal to me, but I am sure it will appeal to the people in my province. I would say, before this commission is appointed, that I am sure when they visit New Brunswick, as no doubt they will, they will find there is one thing in particular we require, and one thing to which I hope this government will pay more attention. The commission will find that the great need in New Brunswick is the development of cheap hydroelectric power.

I listened to two hon. members discuss this subject, the hon. member for Westmorland (Mr. Murphy) from the government side and the hon. member for Saint John-Albert (Mr. Bell) from the official opposition, each of whom discussed the subject from a different angle. I feel there is not much difference of opinion in the province with respect to the development of hydroelectric power. I believe the hon. member for Saint John-Albert expressed very well the views of the people of New Brunswick when he said that such hydro development should be on the Saint John river.

I have been amused at times when listening to the hon. member for Westmorland discuss the question of the Chignecto canal. I was amused in particular when, at the first session the hon. member attended, after speaking about the Chignecto canal he said to me, "I hope you will back me up in this." Well, as the hon. member knows, there is a long history to the Chignecto canal, but I do not intend to go into that history this evening. I have done it before on a number of occasions.

However, if hon. members will permit I would go back to the year 1949 only to point out that at that time I had this matter very seriously in mind. At page 912 of *Hansard* for February 25, 1949, during the discussion of the St. Lawrence seaway, I had this to say:

> This afternoon it is not necessary for me to weary the house with the history of the Chignecto canal. It is sufficient to say that by its construction over 400 miles will be eliminated from the water route of ships travelling from the St. Lawrence river to Saint John, Digby and other ports on the bay of Fundy.
>
> As far as coastal service is concerned, it would help to shorten the distance for ships wishing to trade with Boston, New York, and ports of the New England states. The gypsum that we produce in the region of the bay of Fundy could be shipped through the Chignecto canal to the central part of Canada, and that industry would benefit greatly. The construction of the canal would benefit our lumbering industry, our fishing industry and practically every other industry in our province.

I quote that simply to show that in 1949, six years ago—four years before the hon. member came to the house—this matter was being very seriously discussed by members of the opposition. Then I went on to say, as reported at page 913:

> I hope that, when the question of the St. Lawrence waterway is being discussed, members of the house will bear in mind that, as we will be called upon to help to pay for the development of the St. Lawrence waterway, we should be given some consideration as far as the development of the Chignecto canal is concerned, for it is something that was promised to the people of the maritime provinces many years ago.

I also went on to mention the possibility of hydroelectric power being developed through the building of the Chignecto canal.

But I was not the only one who was discussing the subject at that time. This afternoon the hon. member for Westmorland recommended that a commission be appointed to study the Chignecto canal. I might say that in 1930 a similar request was made. I would point out that in 1949, Mr. Black who represented the constituency of Cumberland for a number of years, recommended the appointment of a commission, but was turned down by Hon. Mr. Chevrier, the then minister of transport. At that time Mr. Black had this to say, as reported at page 2929 of *Hansard* for December 8, 1949:

> I am going to take a few minutes to refer to canals, to the Chignecto canal. The building of this canal has been before this house ever since confederation. The hon. member for Royal has brought it up recently, as well as the hon. member for Queens and the hon. member for Gloucester. This session it was brought up by the hon. member for Saint John-Albert, the hon. member for Antigonish-Guysborough and other hon. members.

Therefore, Mr. Speaker, this is a matter which has been before the house on a great many occasions. But, as I said before, the development of the Chignecto canal at the present time is not the answer to our hydroelectric requirements in New Brunswick. Mind you, I feel the Chignecto canal should be, and I believe will be, built in time as a continuation of the St. Lawrence seaway.

Many hon. members have recommended measures for the solution of our problem. The hon. member for Gloucester (Mr. Robichaud) mentioned the Albert shale; the hon. member for Kent, N.B. (Mr. Michaud) spoke about atomic energy. The hon. member for Westmorland spoke about the Chignecto canal; the hon. member for Charlotte (Mr. Stuart) spoke about the Passamaquoddy project. These are all good, Mr. Speaker, but I do not think anyone in New Brunswick today believes that any of them is the answer to our immediate problem in that province. They may enter into the picture later on.

As far as the Chignecto canal is concerned, it is a matter for the federal government; it is not something the provincial government can undertake. My hon. friend was not here when a delegation came from the maritime provinces. It consisted of boards of trade and mayors of the cities of Saint John, Amherst, Moncton and Fredericton. It was a large delegation and consisted of some of the outstanding businessmen of the maritime provinces, such as Mr. Irving. They came up here and they were given the brush-off. The hon. member for Saint John-Albert spoke about a run-around. Well, these men were given the run-around; they were absolutely turned down. They were given the brush-off in 1949 so far as the Chignecto canal was concerned.

The Passamaquoddy project is something the federal government will have to deal with. It is not something the province can handle. As we see it, the only solution in New Brunswick is the development of the Saint John river. The hon. member for Saint John-Albert complained about all these red herrings. Hon. members know when they suggest these other solutions for the immediate future that they are not practicable, yet not one of them will rise in his place and advocate, as he should, the development of Beechwood on the Saint John river. The hon. member for Victoria-Carleton (Mr. Montgomery)—

Mr. MacDougall: The hon. member for Temiscouata—

Mr. Brooks: No, not the hon. member for Temiscouata, the hon. member for Victoria-Carleton and the hon. member for Saint John-Albert have been advocating this in the house at every opportunity. The New Brunswick government has gone ahead with it. I might say that the previous government of New Brunswick, the McNair government, started the Beechwood project. I give them credit for that. I have been amazed at the attitude of members in the house on the government side. Once there was an election in the province of New Brunswick and the McNair government was defeated, the interest that should have been evinced by those members waned. We heard nothing more about it. For instance, we heard nothing from the minister who represents New Brunswick in this government, as far as the development of Beechwood is concerned.

The government of New Brunswick found that it would cost $45 million to develop Beechwood. As we pointed out, New Brunswick is not a rich province. Today we are paying nearly one-third or more of our revenue in interest on bonds. Cheap electric power can be obtained only if the bonds of the province are backed by the federal government in order to obtain low interest rates. The federal government were not asked to give money to the province of New Brunswick; they were asked under the circumstances, when it was almost impossible for us to look after the matter ourselves, whether they would lend money to the province of New Brunswick so the interest rate would be low enough to enable the province to obtain cheap electric power in order to develop our different industries.

I am not going into the history of that, Mr. Speaker, but I should like to quote from a speech made by the premier of New Brunswick in the provincial legislature on March 25, 1955. Hon. Mr. Flemming, premier of New Brunswick, said:

> In view of misgivings which have been expressed in this house in regard to this particular point—

That was the point of financing.

> —I would like to place special emphasis upon the three endorsements just cited.

Those were endorsements by three engineering concerns in the Dominion of Canada. Mr. Flemming continued:

> The report of the Power Corporation of Canada, among other recommendations, dealt with the cost of financing Beechwood, estimating that money at 5 per cent would produce power at a cost of 5·4 mills per kilowatt hour—

That would be too high.

> —but that money at 2½ per cent would reduce generating costs to 3·1 mills per kilowatt hour.

This would mean the difference between cheap and costly electric power in the province of New Brunswick. Further on in his speech Mr. Flemming had this to say:

> On April 27, 1953, a brief outlining the need for assistance to that province to develop the Beechwood site, was presented by this government to the government of Canada, together with a request that the federal government agree to advance to the province, as the work progressed, sufficient funds to permit the development of Beechwood; that the repayment rate should be 1½ per cent per year, starting one year after the plant went into operation; and that the interest rate should not exceed 2½ per cent.

The government of New Brunswick was not asking the federal government to give the money; they were asked to lend the money so New Brunswick could have a low rate of interest and cheap hydroelectric power to develop the mineral and other resources of the province. Later on the premier quoted a letter from K. W. Taylor, of the finance department, with reference to this matter, as follows:

> I am now directed by my minister to say that he has reviewed this matter with his colleagues, and the conclusion reached is that it would not be right or proper for the federal government to provide funds by loan or otherwise for the development of provincial natural resources along the lines you suggest.

I am sure you can realize, Mr. Speaker, as hon. members realize, just what the disappointment—yes, and the discouragement—was, not only to the government of New Brunswick but to the people of that province when they received that news.

I am not going to enlarge on that further. The provincial government is going ahead. But I should like to point this out, and it hardly seems necessary for me to do so. Other matters which are of benefit to the provinces of this dominion are dealt with in a different way. For instance, we hear the Minister of Agriculture (Mr. Gardiner),

Liberals, Conservatives, C.C.F. and Social Credit members talking about the South Saskatchewan dam. It has been practically promised that the South Saskatchewan dam will be built. It will be built with federal money, not money they are asked to lend but money that will be given by the federal government.

The St. Lawrence seaway will be of no great benefit to the maritime provinces. Money being spent on the St. Lawrence seaway is not being loaned; it is being given to the people of Ontario, Quebec and certain parts of the west to benefit their future. This afternoon the hon. member for Westmorland referred to certain things being done in Nova Scotia. We are pleased that the Canso causeway has been built; we are pleased that there is to be a ferry operating between Bar Harbor and Yarmouth, but the money for these projects is not being loaned to Nova Scotia to assist that province, it is being given to the province by the federal government. I could quote many other instances.

Yesterday I was reading the *Financial Times*, and I noticed an article that stated that the St. Lawrence seaway was expected to boost rather than reduce the shipping business in Montreal. According to the writer of this article it was expected that the time would come when federal money would be used to keep open the St. Lawrence river, not just for a short additional time in the spring and fall but all year, so that boats might use Montreal and other ports on the St. Lawrence the year round. If that ever happens, and I sincerely hope it will not, it will mean that federal money will be spent for the advantage of Montreal and other parts of central Canada. We in the maritimes not only will be the losers, we will have to pay part of the shot.

On the same page of this publication it states that Toronto harbour facilities are being prepared for seaway traffic and that the day after tomorrow the Minister of Transport (Mr. Marler) is to be in Toronto to open the marine terminal at pier No. 2. I do not know whether the federal government is paying for that, but I assume that it is.

Mr. Marler: The city of Toronto is paying for it.

Mr. Brooks: I am glad that somebody other than the federal government is paying for something. I could go on and name a long list of things which have been provided by the federal government for the benefit of other provinces. We have here an instance where money could have been loaned and should have been loaned. The problem was not insurmountable. We in New Brunswick feel it is very strange that when money is needed for development in other parts of Canada it can be found and given to those other parts, but when we want to borrow money for a development which would be of tremendous advantage to the people of our province we are told it cannot be done, that the constitution will not permit it.

I do not intend to press this matter further tonight, but I do want to say that it is a serious problem for New Brunswick. I believe if we were to take the opinion of individual members, whether they be Liberal, Conservative, Social Credit or C.C.F., we would find them almost 100 per cent in favour of giving this assistance to the province of New Brunswick.

Mr. O. L. Jones (Okanagan Boundary): Mr. Speaker, I want to express my support of the subamendment, which I hope will come to a vote shortly. I do this because it deals with a subject close to my heart, the municipality. I do so for another reason also. One of the finest municipalities in Canada, the city of Kelowna, is celebrating its fiftieth anniversary this week.

The history of Kelowna is similar to the history of many other communities in Canada. It was founded at the turn of the century and has had a steady growth since. It was started by men and women of vision who laid the groundwork for a modern city by setting aside ample space for parks, wide roads and lanes. Most western towns are laid out to provide good lanes in which such services as sewers and water mains, garbage collection and so on can be located. I am sure that places like Montreal, Ottawa and Toronto often wish they had had similar foresight many years ago.

When many of these towns were incorporated 50 years or so ago their areas were quite limited. Rapid growth within these limits has brought special problems with which the municipalities find it hard to cope. Because of the limited area the owners of land have had to assume increased burdens to provide schools, roads and the other facilities usual to municipal endeavour. The result is that municipal taxes are very high today in comparison with taxes at the time of incorporation 40, 50 or 60 years ago.

In the meantime the municipalities have had imposed upon them responsibilities which were unheard of 50 years ago. They are the creatures of the province, and they have had to submit to many impositions on the part of provincial governments. I would refer especially to education. When the city of Kelowna was incorporated 50 years ago the cost of education was borne by the government of

British Columbia. Eventually this was foisted on the backs of the municipalities, and now it would appear that they are carrying the burden assisted by the provincial government. Many social services are now undertaken by the municipality which really belong to the provincial governments.

I want to say a few words in support of the C.C.F. amendment which deals with this very problem. I want to put this subamendment on the record again because we shall be voting on it very shortly, and some hon. members may have forgotten what it covers. It reads:

> That the amendment be amended by adding at the end thereof the following words:
> "(e) to provide assistance to the provincial governments in order to enable them to plan their financing in such a manner as to relieve the people of this country from the crushing load of heavy municipal taxation."

There is no need for me to explain in full this crushing load and what it consists of, as it is well known to all hon. members. For instance, education is taking approximately 50 per cent of municipal taxation. Roads also require a large portion of municipal taxes. Many roads must be widened, repaved and made stronger to carry the traffic of modern commerce, and this creates a heavy cost for municipal bodies.

Another problem is the small area of taxable land to be found in many municipalities. In the average municipality in western Canada anywhere from 25 to 35 per cent of the area is non-taxable, being taken up by parks, schools, churches, public buildings and so on. That problem is increasing. Those areas taken up by federal and provincial buildings, churches and so on go off the tax roll. So the burden falls upon the 70 per cent or less of the taxpayers who must continue paying taxes. Naturally the growth of population demands more services and makes it costly for water, sewage and so on. It is true to say that in the average municipality in the last ten years taxes have more than doubled, with no additional tax resources allowed to the municipalities. All the taxes are still borne by land and home owners.

These municipal taxpayers are the people who support both the provincial and federal governments with their taxes, whether they be excise taxes, sales taxes, income tax or other indirect taxes, so the burden has been added from that point of view as well. The municipal taxpayer must pay his way; failing to do so means the loss of his home or the loss of his land, and he is thrown out.

This subamendment seeks to give relief to that taxpayer on grounds which to my mind are logical. Municipal dwellers contribute most to federal revenues. They have the right to demand the return of part of these revenues to take care of their expenditures in the municipalities. Of the three governing bodies, the municipalities alone are confined to a restricted field of taxation. This field has not been enlarged for several generations and possibly could not be enlarged unless one of the senior governments relinquished a field of its own in favour of the municipalities. I personally am against inventing any new field of taxation for municipal dwellers, who are taxed enough already, but I would suggest one or two ways in which assistance could be given.

First, it could be given by carrying out the suggestion contained in the subamendment, that is by financial assistance provided through the provincial government earmarked for the use of the municipalities and if possible paid on a per capita basis, so that municipalities as they grew would receive more and more.

Second, it could be given by both governments accepting their tax responsibility in full on all properties owned within municipal limits. This principle has been more or less tacitly agreed to in the steps taken by the federal government recently. But I am not satisfied and I will not be satisfied until all taxes on federal buildings are paid by the federal government, thus rendering valuable assistance. These buildings logically should pay for the services rendered by the city, the water, sewers, police protection, fire protection, and everything else for which they now pay nothing. In paying for those services they would assume their rightful liability.

Third, I would suggest to the government the immediate abolition of sales tax and excise taxes on all municipal purchases. It is unfair for the senior government to impose taxes on a junior government, because it cannot come back at the senior government. It cannot even tax the post office in a municipality. Therefore it is helpless and hopeless, and it depends on the senior government to be great enough to realize the plight of the municipality and open its heart as far as sales tax on municipal purchases is concerned.

A fourth way would be direct assistance by means of loans. Some years ago, during the war, we had a very good act in operation; it is still on the statute books and has not been rescinded. It was the Municipal Improvements Assistance Act, under which self-liquidating projects in municipalities could be financed with money loaned by the government at 2 per cent. This act functioned splendidly and permitted several small towns in British Columbia to build up valuable

waterworks and extensions of service in power and lighting. I would point out—the government already know it—that all the loans made, running into millions, were paid back in full and the interest was paid in full; not a dime was defaulted.

I cannot see for the life of me why the government decided to discontinue such a valuable service to municipalities that would bring to them in turn splendid returns on their investment. Not only would this money loaned at 2 per cent help the municipalities in their present plight, but it would allow them to take part in the relief of unemployment. Unemployment relief is also a municipal burden that has been unfairly thrust upon them, and the government could assist them by loaning them money immediately for public works of this nature to take care of the unemployment within their municipal boundaries.

A fifth way would be by federal aid for education. The cost of education is one of the great burdens of our modern municipalities. This could be a most effective method of dealing with this question. As this matter has already been dealt with very fully and in detail by the hon. member for Saskatoon (Mr. Knight), I shall not go any further into it, but I would recommend that the cabinet find out to what extent the suggestions made by the hon. member for Saskatoon could be carried out, with a view to relieving the crushing burden on the municipalities.

I pass these suggestions to the minister for his earliest consideration. Municipalities, I feel, must be given a new and fair deal. I trust that members of all parties will see the fairness and the justice of this subamendment, and will give it support. It does not matter to what party you belong when the vote is called. I know that the municipalities of British Columbia—and, I take it, the rest of Canada—all deserve financial support through the medium of this subamendment.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: Before putting the question may I tell hon. members that shortly after the amendment was moved I had some concern as to its regularity. As hon. members know, as soon as an amendment is moved it is in order to move an amendment to the amendment. Recognizing the fact that if the amendment is out of order the amendment to the amendment must fall, I searched the authorities and my soul as well.

Considering the fact that on the budget wide latitude is always given, and that the main reason the amendment could have been declared out of order was the fact that the amendments to the address in reply had covered a variety of subjects, I decided not to intervene. I know hon. members may feel at this moment that it might be a matter of some fancy on my part for me to make these remarks. But I want to tell hon. members that if they look at certain rulings that have been made in the past they will see that the matter of similarity of amendments as between one which is moved on the addres in reply and one which is moved on the motion for the Speaker to leave the chair for the house to go into committee of ways and means or supply is something that has been considered seriously by my predecessors.

There were some borderline cases, and there is one I have here with which Mr. Speaker Macdonald had to deal. His statement is to be found in the *Journals* of February 28, 1950, at page 47. I should like hon. members to look also at the ruling made on November 22, 1932, which appears at page 113 of the *Journals*, by Mr. Speaker Black.

Hon. members will see that because the subject of unemployment had already been dealt with by the house in one amendment and was later again submitted to the judgment of the house in another amendment, Mr. Speaker Black not only considered the matter of the similarity of the two amendments but also looked at the arguments put forward in the debate, and came to the conclusion that the house having refused to condemn the government's policy on unemployment by rejecting the amendment moved to the address by the leader of the opposition, the house could not be called upon to decide the same question again.

Hon. members may refer, for information on this point, to Bourinot at page 328 and citation 357 of Beauchesne's third edition.

As to the other point, which is to the effect that any irregularity in any portion of a motion shall render the whole motion irregular and that therefore the amendment to the amendment should fall, citation 330 of Beauchesne will be found to be specific on the subject.

As I said before, I do not want to create any difficulties at this moment. I had considered the amendment shortly after it was moved and felt that I would perhaps do as my predecessor did in 1950 and say that in future hon. members should be extremely careful in the moving of their amendments on the address in reply because otherwise, the house having given its judgment on the various points brought forward then, if later other amendments are moved which touch

these very points which have already been decided upon, any later amendments should be declared out of order.

For the present I know the house will support my generosity, and I shall put the question. My present attitude should not be invoked as a precedent in future.

The house divided on the amendment to the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss
Argue
Barnett
Bell
Bennett, Miss
Blackmore
Brooks
Bryce
Bryson
Cameron (Nanaimo)
Campbell
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Dinsdale
Drew
Dufresne
Ellis
Ferguson
Fleming
Gillis
Green
Hahn
Hamilton (York West)
Hansell
Hees
Herridge
Hodgson
Holowach
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Lennard
Low
Macdonnell
MacLean
McBain
McCullough (Moose Mountain)
McGregor
Mitchell (London)
Monteith
Montgomery
Nesbitt
Nicholson
Nickle
Noseworthy
Patterson
Pearkes
Quelch
Robinson (Bruce)
Rowe
Small
Stanton
Starr
Stewart (Winnipeg North)
Thomas
Trainor
Tustin
White (Hastings-Frontenac)
Winch
Zaplitny—65.

NAYS

Messrs:

Anderson
Applewhaite
Arsenault
Ashbourne
Balcom
Batten
Benidickson
Bennett
Blanchette
Boisvert
Bonnier
Boucher
Bourque
Brisson
Brown (Brantford)
Brown (Essex West)
Bruneau
Buchanan
Byrne
Cameron (High Park)
Campney
Cannon
Cardin
Carrick
Carter
Cauchon
Cavers
Crestohl
Decore
Denis
Deschatelets
Deslieres
Dumas
Dupuis
Enfield
Eudes
Fairey
Follwell
Forgie
Fraser (St. John's East)
Gagnon
Gardiner
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Gingues
Girard
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Hanna
Hardie
Healy
Hellyer
Hollingworth
Hosking
Houck
Huffman
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Gaspe)
Lapointe
Leduc (Gatineau)
Leduc (Jacques Cartier-Lasalle)
Leduc (Verdun)
Lefrancois
Legare
Lusby
MacDougall
MacEachen
MacKenzie
MacNaught
McCann
McCubbin
McCulloch (Pictou)
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McMillan
McWilliam
Mang
Marler
Meunier
Michaud
Mitchell (Sudbury)
Monette
Murphy (Westmorland)
Nixon
Pearson
Philpott
Pickersgill
Pinard
Pommer
Poulin
Power (Quebec South)
Power (St. John's West)
Prudham
Purdy
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Richardson
Robichaud
Robinson (Simcoe East)
Rochefort
Ross
Roy
St. Laurent
Schneider
Shipley, Mrs.
Simmons
Sinclair
Stick
Stuart (Charlotte)
Studer
Thatcher
Thibault
Tucker
Valois
Villeneuve
Weaver
Weir
White (Waterloo South)—131.

[Mr. Speaker.]

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, the budget speech delivered before the house on April 5 last has certain interesting points. In fact, we see that reductions have been made on various items. I endorse without hesitation those tax reductions, even though they will entail a deficit during the fiscal year 1955-56.

In the few minutes I spoke during the debate on unemployment, on March 22 last, I stated that an eventual deficit would not be a calamity. I have not changed my mind.

It is with pleasure that I have noted the substantial reduction in the tax on automobiles, tires and tubes. Today for many people the automobile is not the luxury it used to be. It is merely a means of earning more easily their livelihood.

As far as the tax on corporation income is concerned, I am wondering whether a reduction from 49 per cent to 47 per cent will be sufficient to encourage the investment of much more capital in industry and business. Yet such a step should afford one of the best means of stimulating employment and of alleviating, at least partly, unemployment which should remain the constant concern of the federal administration.

In the same line of thought, I must admit that the reduction of the personal income tax rate, has been substantial, although I do not see why it could not have been granted for the whole year 1955, as is the case for corporations.

Moreover, I believe that the hon. Minister of Finance (Mr. Harris) has not been realistic when he abstained from revising the basic exemption used to determine the taxable income of individuals. On March 22 last, I had suggested—it was not the first time and it will not be the last time either, and I am not the only one who has done so—that the exemptions be raised from $1,000 to $2,000 for single persons and from $2,000 to $3,000 for married people. In that connection, if we examine the last budget of the British government, it will be noted that the basic exemption has been increased by 16·33 per cent and by 14·3 per cent respectively for single and married taxpayers. Therefore, as a result of the last British budget, through various amendments to the Income Tax Act, 2,400,000 citizens, or 13·7 per cent of the total of those who were paying income tax previously, have now been exempted; those 2,400,000 taxpayers were evidently in the lower income tax brackets and therefore had a modest income.

Well, Mr. Speaker, that is a budget which really does benefit those in the lower income brackets! Some wit might also add that a British Conservative government has showed itself liberal in its budget, whereas the Canadian Liberal administration has showed itself to be rather conservative in its own.

I am thus brought around to saying that our taxation system does not take into account the needs of our large families, of those good Canadian families, of French or English origin, who provide this country with large numbers of real Canadian babies, as the Minister of Citizenship and Immigration (Mr. Pickersgill) was pleased to mention recently. I might add, in this connection, that I do share, most enthusiastically indeed, the views expressed by the hon. minister in Victoria when he said—and I am reading the words he himself read into *Hansard* and which will be found on page 2893:

> —I don't believe that any immigrant, no matter where he comes from or how good he is, is as good as another Canadian baby, because the immigrant has to learn to be a Canadian and the baby is a Canadian to start with."

I repeat, Mr. Speaker, that I entirely subscribe to that view and that, if I could, I would like to make its importance and soundness understood by everyone in this country, not excluding the minister himself. It so happens that the hesitant way in which he proceeded to explain this statement, along with certain aspects of the policy of his department, are such as to raise some doubts in our mind as to whether he really believes in what he himself has said. Once well understood, such an opinion would enable us to inject a little more practical sense into our immigration policy, and, I hope, would help correct our fiscal policy with respect to the protection which must be assured to the generous families in our country that still accept tremendous sacrifices in order to give to the nation a great many Canadian babies who, generally speaking, constitute its best citizens.

I wish to reiterate what I have often said, that the state, whatever the country or the civilization, has every reason to protect the homes where family life flourishes, to facilitate with all the means at its disposal or at least to abstain from hindering the normal functioning of this basic element of society, from which rise and develop better than anywhere else the sound principles and the virtues which characterize morally strong individuals and powerful nations.

The citizen who has a deep feeling and a filial love for the family and the home where he grew up cannot be disloyal to his country. But the family and the home must be such that life is pleasant in it.

Some will say that all that is far remote from the practical considerations suggested by a matter-of-fact budget speech. Maybe so, but the fact is that moral values, like flowers, often need a prop to support them in order that they may bloom.

That being the case, the government should have raised to $250 or $300 the exemptions granted in the case of each child eligible for family allowances and to $500 or $600 those granted for a child not eligible for these allowances.

The British budget—I apologize for mentioning it again—has been more generous in raising these same exemptions by some 17⅔ per cent.

When the cost of living is as high as it is today, surely an amount of between $210 and $246 in the case of children under 16 and of $400 in the case of those over 16 is insufficient to support a child decently during a whole year.

I may say, from personal experience, that each child costs hundreds of dollars more than the amounts I just mentioned. So that parents who have enough generosity left to face their moral and family obligations, not only have to bear the heavy burden of tremendous sacrifices, very often unknown to the public at large, but it is also their sorry lot to have their generosity taxed, as they have to pay taxes on a more or less considerable part of their income earmarked for the maintenance and education of their children.

There is another class of citizen to whom the last budget will bring no direct relief and who will again remain the forever forgotten ones; I mean the vast category of consumers who do not buy cars, who neither have shares nor stocks in the large corporations, nor even the means to pay a little income tax. They only have the very costly obligation to pay the general sales tax on a number of commodities they need to buy. It is precisely on their behalf that, in my remarks of March 22, I asked for a reduction of the sales tax. I sincerely believe that it would have been the only way for the Minister of Finance (Mr. Harris) to bring them some relief. And I want to stress this negative aspect of the budget. I can easily imagine what the answer to my suggestions and representations will be —if they are deemed worthy of an answer. I will be told that the government would have to face a still greater deficit than the one expected.

Personally, I believe that an increase of $50 million in the deficit would have helped the revival of business, providing, of course, greater relief had been given in this operation to the mass of consumers so as to increase their purchasing power.

Before concluding my remarks, I would like to say a word or two on a problem of the utmost importance to the farmers, the settlers and the workers, the lumberjacks of Beauce county in particular and of the whole province of Quebec. And I am referring to the price paid to settlers and farmers for the wood they sell to pulp and paper companies.

I congratulate the hon. member for Gatineau (Mr. Leduc) who laid the problem before this house and the people of Canada. For my part, I have received from the Quebec south shore section of the Catholic farmers' union a recommendation in which I was asked to urge the Minister of Justice (Mr. Garson) to extend this investigation to the Beauce district. I considered it my duty to comply with the request of that professional organization and I conveyed that recommendation to the proper authority, adding my personal views on the matter. You will understand that it is all that I can say at this stage. It is particularly gratifying for me to bring my humble contribution to the study of that problem, because I may say without bragging that I know it quite well and I could mention the names of hundreds of citizens of my constituency who, especially during certain periods, were the victims of this intolerable situation.

We should be very careful, though, not to attack the small middleman, the dealer who annually buys a few hundred cords of wood to resell at a profit which is often ridiculously small, at the risk of losses which I would not like to assume myself.

Like the producer, he is subjected to the rule according to which might is right. It is not here that the root of the evil must be sought. The scandal will be found higher up.

On the other hand, though, we should be very careful not to confuse the issue, intentionally or otherwise. We should not attempt to assess responsibilities before the investigation is concluded.

One wonders if certain powerful interests, conscious of their guilt and fearful of being caught, are not attempting to confuse public opinion on this issue through dilatory tactics of all kinds so as to make it reticent, nervous, blind, and possibly prejudiced. In this way the work necessary to a comprehensive and objective investigation would be diverted along the wrong channels or, at least, rendered far more difficult.

For my part, Mr. Speaker, I have full confidence in the royal commission which the federal government will set up, and I wish to set the minds of the members of the Catholic farmers' union and those of every farmer and settler in my riding at rest. I have every reason to believe that this investigation will be a serious one, will bring justice to all, will show the cause of the evils and let the responsibility in that respect fall where it must. If it failed in its task something else would have to be done.

(*Text*):

The budget speech presented by the Minister of Finance contains, no doubt, advantageous measures for the Canadian taxpayers as a whole, which is at least a step in the right direction. In my opinion, however, the government has not gone far enough, and that is what I tried to prove in my remarks in French.

In certain fields the minister has totally neglected to attempt to remedy some urgent and serious situations, namely a reduction of the 10 per cent sales tax, an increase in the basic exemption in personal income tax, and an increase in the deductible amount for each child, whether or not he be eligible for family allowances, and particularly in regard to the unemployment situation. I would be inclined to support the amendment of the Conservatives, but they forgot to acknowledge the partial result accomplished in some fields by the present budget. For this reason, and having considered all the budget proposals, I have decided, after long hesitation, to vote for the budget introduced by the Minister of Finance.

May I say that I am entitled to declare that my opinion is also shared by my independent colleagues.

Mr. J. Watson MacNaught (Prince): Mr. Speaker, before this debate is concluded there is one matter I should like to bring to the attention of the house. Before doing so, however, I wish to congratulate the Minister of Finance on his first budget which has been so well received by the people of Canada.

At this time I think I should also express the thanks of the people of my province to the government for the announcement that the support policy for butter will be continued. Dairying is one of the important branches of the agricultural economy of Prince Edward Island, and most of our farmers depend upon dairying to some extent for their livelihood. I well remember hearing the late Premier Jones, who was one of the outstanding farmers of Canada, say that if it were not for dairy cattle Prince Edward Island would turn into a sand bank. It was therefore with a great deal of satisfaction that our dairy farmers heard the announcement that the support price would be continued for another year.

The matter about which I rose to speak, however, has to do with the statement in the budget speech that the tariff agreements on potatoes between Canada and the United States would be referred to the tariff board for study. This announcement was well received by potato growers all across Canada. I was further pleased to read in the newspapers over the week end that the Minister of Finance had referred the matter to the tariff board and that the hearing had been set for June 13.

I think at this time it would not be inappropriate to bring to the attention of the house some of the history of the potato tariff agreements between Canada and the United States for the last 35 years. In 1929 the United States duty on potatoes from Canada was 50 cents a hundredweight. On the other hand, Canada had a duty of 35 cents a hundredweight on potatoes from the United States. On June 18, 1930, the United States increased its duty from 50 cents to 75 cents per hundredweight. This increase resulted from the Hawley-Smoot revision of the United States tariffs.

In May of that year Canada introduced what was known as the countervailing duty. This stipulated that if another country imposed a duty on Canadian potatoes an equal duty would be imposed on imports of potatoes into Canada from such country. In September, 1930, the countervailing provision was deleted from the tariff and a rate of 75 cents per hundredweight was substituted. It will be seen, therefore, that for a certain period of the year 1930 the duty on potatoes was the same in both countries.

In 1931 there was no change in the United States tariff. The Canadian government, however, changed its tariff regulations to permit the free entry of seed potatoes. In 1936 the duty on table stock potatoes going from Canada to the United States was still 75 cents per hundredweight. The duty on seed potatoes, however, was reduced substantially. A quota was set whereby 750,000 bushels of seed potatoes would be permitted entry into the United States at reduced rates. During the months of March to November the rate would be 45 cents per hundredweight, and from December to February it would be 60 cents per hundredweight. The reduction resulted from negotiations between the two countries and was bound in the Canada-United States trade agreements of 1936.

These rates continued until the year 1939, when a quota was placed on table stock potatoes going from Canada to the United States. Under this quota 1,000,000 bushels plus any amount by which the United States department of agriculture's estimate of the domestic crop fell below 350,000,000 bushels would be admitted at the reduced rate of 37½ cents per hundredweight from March to November and, if the quota was not completed, at 60 cents per hundredweight from December to February. The ex quota rate on table potatoes remained at 75 cents per hundredweight. The quota rate on seed potatoes was further reduced from 45 and 60

cents a hundredweight to 37½ cents a hundredweight, and the quota was increased from 750,000 bushels to 1,500,000 bushels. The ex quota rate on seed potatoes remained at 75 cents per hundredweight.

In return for these concessions the Canadian government eliminated the duty on table stock potatoes from the United States except for a short period from June 15 to July 31, when the duty was 37½ cents per hundredweight. The rate on seed potatoes continued free.

In 1948, under GATT, Canada negotiated an enlarged quota of 2,500,000 bushels for seed potatoes at the quota rate of 37½ cents per hundredweight. For table stock potatoes the quota rate was reduced to 37½ cents per hundredweight for the entire quota, thus eliminating the 60 cent rate from December to February. There was no change in the Canadian duty on potatoes coming into Canada from the United States.

It will be seen, therefore, that since 1948 Canada could export 2,500,000 bushels of seed potatoes to the United States under a duty of 37½ cents per hundredweight, and 1,500,000 bushels of table stock potatoes at a similar rate of 37½ cents per hundredweight, plus the amount by which the estimate fell below 350,000,000 bushels. The rate on all other potatoes is 75 cents per hundredweight. On potatoes coming from the United States into Canada there was no duty except 37½ cents per hundredweight for the six weeks from June 15 to July 31.

When these arrangements were originally negotiated they were of substantial benefit to the potato growers of Canada, and of the maritime provinces in particular; but since that time conditions in the production and marketing of potatoes have so changed that today the potato producers in Canada no longer enjoy any great advantage over their fellow producers in the United States. The difference in yield per acre, due to new methods of production, has gradually narrowed until today there is a very narrow margin between the yield per acre in Canada and that in the United States. This results from better methods of insect and pest control, better methods of blight control and new and cheaper fertilizers.

In the marketing field also tremendous changes have taken place. With the coming of trucks and the building of super highways, any advantage the farmers of the maritime provinces enjoyed as a result of water transportation have disappeared. The result is that Long Island and other areas adjacent thereto have gone into the production of potatoes in a large way. Long Island produced last year over 18,000,000 bushels of potatoes. Producers can take advantage of the trucking of citrus fruits which takes place between the southern states and the New York areas. Fruit trucks going south for a load of fruit are anxious to have a paying load, and it is thus possible for the farmers in Long Island to have their potatoes shipped to the southern states at low cost.

It must also be remembered that the state of Maine produces as many potatoes as all of Canada. The ten-year average for Maine is 62,000,000 bushels. In 1954 the state of Maine produced 49,000,000 bushels of potatoes. Canada produced something over 50,000,000. Maine is closer to the large Canadian central markets than is any of the maritime provinces. Potato producers in Maine can deliver truckloads of potatoes to the Montreal market cheaper than can producers in any of the maritime provinces. The result is that with no duty on potatoes coming from the United States to Canada, Maine dealers can and often do undersell the maritime producers in the Montreal market.

It is interesting to note also that during the last three years more potatoes have been shipped from the United States into Canada than from Canada to the United States. For the last three years we exported roughly 6,600,000 bushels of potatoes to the United States. For the same period we imported from the United States 8,500,000 bushels of potatoes.

The growing of potatoes is a large part of the agricultural economy of the province of Prince Edward Island. Our potato producers, therefore, were much pleased when it was learned that the problem of potato tariffs would be studied by the tariff board. I certainly hope that the studies of the board will be exhaustive, and that a satisfactory solution of this problem will be reached. If no changes in the tariff arrangements are made, the potato industry in the maritimes could well be ruined.

I want to refer at this time to an editorial which appeared in the April 30 edition of the Ottawa *Citizen*. This editorial dealt with Canada's tariff record. It referred to the fact that the Minister of Finance in his budget speech mentioned that three matters would be referred to the tariff board for study. The editorial concluded with this sentence:

The potato inquiry is to be launched in June and it should be especially interesting because a

section of agriculture—usually associated with anti-protection in this country—will be arguing for tariff aid against the United States.

I submit, Mr. Speaker, that this is hardly a correct statement of the facts. I should not want to be described as a person who is anxious to put any blocks in the way of free interchange of products between countries. That is why I took some time to set out that I thought the tariff arrangement between Canada and the United States was most one-sided. All the people of my province want is some equalization of the tariff, so the American potato growers will enjoy such tremendous advantages in tariff rates.

On motion of Mr. Drew the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Sinclair: Tomorrow we shall continue with this debate.

It being four minutes past ten the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, May 4, 1955

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Government House,
Ottawa, May 4, 1955

Sir:

I have the honour to inform you that the Honourable Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 4th May, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General
(Administrative)

QUESTIONS

C.N.R. DIESEL LOCOMOTIVES

Mr. McCulloch (Pictou):

1. How many diesel locomotives are operated by Canadian National Railways and subsidiaries in Canada?
2. How many are operated in each province?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

1. On April 28, 1955—580 diesel units.

2. Locomotives are not permanently assigned to any particular region or province in which the railway operates but on the contrary are moved within the system from time to time as traffic requires, except that 12 diesel units are permanently assigned to Newfoundland and 19 to Prince Edward Island.

PRICE SUPPORT OF GOLD MINING, 1954

Mr. Yuill:

What was the total amount paid in price support of gold mining industry in 1954?

Mr. Prudham: Assistance paid by the Department of Mines and Technical Surveys during the calendar year 1954 amounted to $14,879,334.33.

PRICE SUPPORT OF FARM COMMODITIES, 1954

Mr. Yuill:

What was the total amount paid for price support on all farm commodities in 1954?

Mr. McCubbin: The estimated net cost of operations of the agricultural prices support board during the 1954-55 fiscal year ending March 31, 1955, is $3,210,928.

FISHERIES STATISTICS

Mr. Balcom:

What was the amount, and the dollar value of the catch of (a) mackerel; (b) herring, in the year 1954, for (i) Nova Scotia; (ii) Newfoundland?

Mr. MacNaught: The following figures are preliminary. "Herring" refers to mature herring, i.e. excludes "sardines".

(i) Nova Scotia:

	Quantity '000 lb.	Value $'000
Mackerel	12,598	498
Herring	29,089	391

(ii) Newfoundland:

	Quantity '000 lb.	Value $'000
Mackerel	2,029	95
Herring	34,103	309

TRANS-CANADA HIGHWAY

Mr. Follwell:

1. What has been the total cost to the federal government of the trans-Canada highway?
2. How much has been spent by the federal government in each province?
3. How much has been spent by each province?
4. How many miles have been completed on the trans-Canada highway?
5. How many miles have been completed in each province?
6. How many miles are now under construction in each province?
7. When will the trans-Canada highway be completed?

Mr. Bourget:

1. $63,401,393.75 to April 23, 1955.

2.

Newfoundland	$ 5,478,732.60
Prince Edward Island	1,097,615.10
Nova Scotia	75,699.97
New Brunswick	2,438,880.81
Ontario	19,111,517.62
Manitoba	5,578,066.97
Saskatchewan	7,051,790.94
Alberta	8,187,333.98
British Columbia	14,381,755.76

3. The above amounts are one-half the cost of construction as represented by claims submitted and paid. We have no records of the total amounts spent to date by the provincial governments.

Questions

4. 1,068·2 miles paved to March 31, 1955.

5.

Newfoundland	Nil
Prince Edward Island	46·1
Nova Scotia	4·0
New Brunswick	52·2
Ontario	314·8
Manitoba	130·1
Saskatchewan	230·4
Alberta	150·9
British Columbia	139·7

6.

	Grading	Paving
Newfoundland	113·9	Nil
Prince Edward Island	0·3	2·1
Nova Scotia	14·1	11·7
New Brunswick	9·1	8·3
Ontario	30·2	23·1
Manitoba	19·6	5·6
Saskatchewan	35·4	36·0
Alberta	17·9	21·4
British Columbia	24·2	30·1

7. The trans-Canada highway agreements expire on December 9, 1956.

WAR VETERANS ALLOWANCES, WINNIPEG DISTRICT

Mr. Pommer:

1. How many veterans and widows in the Winnipeg district of the Department of Veterans Affairs were receiving war veterans allowance at January 31, 1955?

2. Of these, how many have received an award from the assistance fund, war veterans allowance, during the period from April 1, 1954 to January 31, 1955?

3. Of the number given in answer to part 2, how many were receiving a monthly grant at January 31, 1955?

Mr. Robertson:

1. Veterans: 2,743; widows: 934.

2. Veterans: 265; widows: 130.

3. Veterans: 115; widows: 80.

QUESTIONS PASSED AS ORDERS FOR RETURN

NATIONAL PARKS, MARITIME PROVINCES —TOURIST FACILITIES

Mr. Nowlan:

1. Are there cabins, lodges, restaurants, canteens or other facilities for tourists in any of the national parks in the maritime provinces?

2. If so, (a) In which of such parks are such facilities provided or established? (b) By whom were they provided or established, and in what year or years? (c) Which of such facilities are operated by the dominion government or any agency thereof, and which are operated by lease or concession? (d) Of those which are operated by lease or concession, what are the terms and conditions thereof?

Mr. Lesage: Return tabled.

[Mr. Bourget.]

BOARDS OF DIRECTORS, C.N.R.—T.C.A. —REMUNERATION

Mr. Zaplitny:

What remuneration, expenses or other emolument was paid to each of the members of the board of directors of (a) the Canadian National Railways; (b) Trans-Canada Air Lines, in 1954?

MOTIONS FOR PAPERS

DISTRICT COURT JUDGE, WEYBURN —EMOLUMENTS

Mr. McCullough (Moose Mountain):

For a copy of all expense accounts and/or any forms of emoluments of J. W. Thompson, district court judge of the Weyburn judicial district, in connection with his duties at Estevan from July 1, 1954 to March 1, 1955.

He said: Dropped.

Mr. Speaker: Dropped.

ASSINIBOINE AND RED RIVERS—FLOODING

Mr. Dinsdale:

For a copy of all correspondence, memoranda, and other documents exchanged between the federal government or any department thereof and the government of Manitoba and/or other interested parties in Manitoba, relating to the problem of flooding on the Assiniboine and Red rivers, for the period 1949 to the present.

He said: The Minister of Northern Affairs and National Resources has been in touch with me on this matter. In view of the large quantity of correspondence involved, I have consented to amend the motion to cover correspondence between the federal and provincial governments since the Winnipeg flood.

Mr. Speaker: Do I understand the motion is carried as amended?

Mr. Lesage: Yes, with the usual reservation.

Mr. Speaker: The motion is carried, as amended, with the usual reservation.

EXTERNAL AFFAIRS

INDO-CHINA—MEASURES TAKEN TO PROTECT CANADIAN PERSONNEL

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs, or, in his absence, to the Minister of National Health and Welfare. In view of the minister's statement yesterday regarding the unpleasant situation in Indo-China, and in view of the apparently confused military situation in other parts of that country, are adequate steps being taken to protect Canadian personnel everywhere in Indo-China from personal indignities and outright violence?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I am sure that my hon. friend, who did not give notice of his question—at least it did not reach me—would not expect an immediate reply, certainly not one in terms of precision. I am sure he will appreciate that everything is being done in the matter that can be done. If my hon. friend will permit me to consider his question as notice, I shall bring it to the attention of my colleague at once. He is now engaged on important business outside the house.

NATIONAL CAPITAL PLAN

SUGGESTED SETTING UP OF COMMITTEE TO STUDY OTTAWA PLANNING

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to address a question to the Prime Minister. Is it still the intention of the government to set up a committee to look into the affairs of the federal district commission? I ask this question with particular reference to the fact that it seems the planning of Ottawa, particularly the green belt, has been endangered. What steps is the government taking to protect the plan?

Right Hon. L. S. St. Laurent (Prime Minister): I should like to take the hon. gentleman's question as notice because, to my knowledge, no recent consideration has been given to the matter, but I shall have it brought up at once.

GRAIN

WHEAT—REQUEST FOR FINAL PAYMENT ON 1953-54 POOL

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to address a question to the Acting Minister of Trade and Commerce, arising out of representations from various farm organizations in western Canada. In view of the unusually serious climatic conditions that are affecting seeding operations, and the contraction of credit that the farmers are suffering from at this time, will the minister give reconsideration to the question so that the wheat board may proceed at once to start distribution of the final payments on the 1953-54 pool rather than, as reported in the press, awaiting the return of the Minister of Trade and Commerce?

Hon. Robert H. Winters (Acting Minister of Trade and Commerce): Mr. Speaker, I wish to thank my hon. friend for indicating to me a few moments ago that he would ask this question as it gives me an opportunity to clear up the impression that the wheat board is awaiting the return of the Minister of Trade and Commerce (Mr. Howe) to make the final payment in respect to the 1953-54 wheat crop. That is not the case. Actually the closing date was April 29 and computations are being made upon which the final payment can be determined. This is being done expeditiously and cheques will go out at the earliest possible date.

Mr. Diefenbaker: Is the minister in a position to make an estimate as to the amount?

Mr. Winters: No.

WATER POLLUTION

BEDFORD BASIN—INQUIRY AS TO CONTAMINATION FROM GARBAGE DISPOSAL

On the orders of the day:

Mr. S. R. Balcom (Halifax): Mr. Speaker, I should like to direct a question to the Minister of Transport or to his parliamentary assistant. Is the minister aware of the fact that garbage, which might affect the health of residents along Bedford basin, is being dumped along the shores of Halifax? Are steps being taken to prevent further contamination of the waters of the basin and harbour?

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, I wish to thank the hon. member for Halifax for having given me notice of his intention to ask this question. In reply I may say that at the urgent request of the city of Halifax permission was granted by the national harbours board for the dumping of incinerated materials on certain areas along the shore of Bedford basin, and the city has obtained approval under the Navigable Waters Protection Act for this purpose. However, I wish to assure my hon. friend that complaints to the effect that a nuisance is being created thereby have been brought to the attention of the proper authorities.

CANADIAN BROADCASTING CORPORATION

SUGGESTED REFERENCE OF ITEMS IN ESTIMATES TO COMMITTEE

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I should like to ask the Minister of National Revenue if he is prepared to give an answer to the question I asked on April 21, as reported on page 3023 of *Hansard*, as to whether the government is prepared to have referred to the special committee on radio broadcasting and television those items in the estimates which pertain to the Canadian Broadcasting Corporation, such as Nos. 56 and 57.

Inquiries of the Ministry

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the items to which the hon. gentleman has referred are usually, and this year will be, before the committee on external affairs as they have to do with the international service. I am informed by the minister of external affairs that these items will be considered in that committee. There would be nothing to be gained by having them considered by two committees. The items will eventually come back to the house for consideration. The answer at this time is that they will not be referred to the committee on radio broadcasting.

[*Later:*]

Mr. Fleming: May I ask the Minister of National Revenue if he is aware that items Nos. 56 and 57 in the estimates have not been referred to the standing committee on external affairs, as he will see by the motion passed in this house on April 21.

ATOMIC ENERGY

SUGGESTED STUDY BY COMMITTEE OF RADIOACTIVE FALL-OUT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Prime Minister. If "Operation Cue" does come off on the Nevada desert, will the government give consideration to having any information about radioactive fall-out which may be obtained by Canada's representatives at this test made available to a committee of this house for study?

Right Hon. L. S. St. Laurent (Prime Minister): Consideration will be given to the possibility of doing that, but one would have to take into account whatever arrangements about publicity may have been made with the United States authorities when it was arranged for Canadian military and scientific personnel to be present. It will be our desire to make public anything that we can make public.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, May 3, consideration of the motion of Hon. W. E. Harris (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, this debate has covered a wide field and has been extended for some days, but there is one particular subject that I feel I should discuss at this stage of the debate because it has a direct bearing on the whole responsibility of this parliament and the opportunities that Canadians under our federal system are going to have in the years ahead to deal with the problems that they may have to face.

I do not think I would be going too far when I say that history was made in this house last Friday. I might say to the Minister of Finance (Mr. Harris) that I am not suggesting that history was rewritten, but to some extent history was made in this house. I am sure that the statement of the Prime Minister (Mr. St. Laurent) in regard to the position of the proposals made in 1945, which have been so long under discussion, must have been easily the most confusing statement ever made by any prime minister of Canada since confederation.

Because it is not possible for those outside the house who read *Hansard* to refer back to other pages, let me recall some of the things that were said in the exchange last Friday. After having asked certain questions in regard to what had taken place in the conference which had just adjourned, I put these words to the Prime Minister as reported on page 3287 of *Hansard*:

> In view of the fact that the government has withdrawn its position from that which it stated it was prepared to take in 1945 in regard to the unemployed, I would like to ask the Prime Minister if there are any other specific proposals in the 1945 proposals not yet dealt with from which the government has withdrawn its support. I ask this question because I think it would be helpful in avoiding any unnecessary discussion if there are any other similar cases where the government has withdrawn from the position it took at that time.

Then the Prime Minister is reported as replying as follows:

> I cannot accept the word "withdrawn". There were proposals made as over-all proposals in 1945. They were not accepted. I stated at the opening meeting of this preliminary conference that we did not consider that the proposals that had been made and were not accepted at that time were a proper basis for an agenda of discussions at this time.
>
> There have been a great many things done, not because they were in the proposals but because they were considered to be the right things to do—things done since 1945. But the government does not consider that it is bound in any way by unaccepted proposals that were made in 1945.

Let there be no suggestion that anyone in this house was prepared for such a statement. I hope that no hon. member opposite will suggest that he or she was prepared for such a statement. The party of which the Prime Minister is the leader had committed itself to the very opposite position on more than

one occasion. In 1949 it went to the polls with the following declaration which had been adopted in 1948:

> The Liberal party recommends that the proposals placed before the dominion-provincial conference of 1945 and 1946 remain its objective and stands ready to support the implementation of these.

That was definite enough.

Then, in case there is any suggestion that this was something that was departed from later on, may I say that in this very well produced booklet—and it is produced with all the disregard of expense which this government shows in every department—

An hon. Member: It is not a government expenditure.

Mr. Drew: From the point of view of the exterior appearance—

An hon. Member: But it is not a government expenditure.

Mr. Drew: —and also from the point of view of the printing and technical presentation.

An hon. Member: Who pays for it?

An hon. Member: Not the government.

Mr. Drew: I imagine that the minister knows very well where those lavish funds came from that the Liberal party had in the last election.

Mr. Fleming: Slush funds.

Mr. Drew: Let me read from page 200. I would not want any hon. member opposite to be under any misapprehension as to the position taken by the party of which the Prime Minister is the leader, in regard to this subject, which the Prime Minister discussed in this way last Friday. At page 200, in heavy capitals so that it will be duly emphasized, we have the following:

> Dominion-Provincial Relations.
>
> The Liberal party recommends that the proposals placed before the dominion-provincial conference of 1945 and 1946 remain its objective and stands ready to support the implementation of these.

An hon. Member: Hear, hear.

Mr. Drew: I heard applause on the other side. I hope that applause will indicate that those who expressed applause by thumping their desks may not just for a moment forget they are merely applauding a prepared statement by the Liberal party, but that they actually realize that this was a positive undertaking, emphasized in special heavy type, as a basis upon which an appeal was made to the people of Canada. This statement covers a number of very definite things, as all hon. members know. There were the details of public investment which was to be undertaken so that plans would always be available to deal with possible unemployment. Then also there was the proposal in regard to the social security program, and there was also the proposal to establish a general system that would take care of all the unemployed. These were things which were set out in detail in what has come to be known as the green book. Is this book now a thing of the past? The campaign material says it is not. The Prime Minister in his statement which I have just quoted said that since these proposals were not accepted "we are no longer bound by them". I call his attention to the fact that the party to which he belongs expressed its own conviction that it was bound to them by its declarations in both 1949 and 1953.

Mr. Martin: Mr. Speaker, will my hon. friend permit a question? Is the hon. gentleman aware that well over two-thirds of the proposals in the field of social welfare proposed in 1945 have since been implemented by this government?

Mr. Drew: Mr. Speaker, I think that the Minister of National Health and Welfare forgot for a moment that he had not been asked a question, for he always makes a long speech in answer even to a few words. I have not only not forgotten; I know it is not the case; and the minister knows it is not the case. As a matter of fact, the Prime Minister the other day, in a rather casual way, said that it might be suggested—

Mr. Martin: Mr. Speaker—

Mr. Drew: Mr. Speaker, I am making a speech and I propose to make it without interruptions.

Mr. Speaker: If the hon. Leader of the Opposition does not show his acquiescence by resuming his seat, he is not to be interrupted.

An hon. Member: Sit down.

Mr. Martin: Mr. Speaker, I am sure that the hon. gentleman knows I am not rising to ask him a question.

An hon. Member: Why are you rising? To make a speech?

Mr. Martin: I am rising on a matter of privilege. I pointed out that the hon. gentleman had forgotten that the federal government has implemented most of the social welfare proposals.

An hon. Member: Sit down.

Mr. Martin: Two-thirds of them. Then the Leader of the Opposition—

An hon. Member: Sit down.

An hon. Member: That is a speech.

Mr. Speaker: It is not possible to detect whether the hon. gentleman is now really stating a question of privilege. The preamble perhaps leading to it is lengthy and, as long as there are interruptions, I cannot hear whether the minister is really stating a question of privilege. I should like to tell him now that if the minister wishes to state a question of privilege it is his right to do so.

An hon. Member: Let him state it.

Mr. Speaker: However, if his question of privilege is one which is not really a question of privilege, he is breaking the rule to the effect that a member while he has the floor must not be interrupted.

Mr. Martin: Mr. Speaker, I said when I rose that I was rising on a question of privilege.

An hon. Member: What is it?

Mr. Martin: My question of privilege is this. My hon. friend states that I knew perfectly well that the statement I had made was not true. Surely as a matter of privilege I have the right to say to this house that the statement I have made is true. Now, in substantiation of what I have said—

An hon. Member: Do not make a speech now.

Mr. Speaker: By stating that which is within his knowledge is true the minister is quite right in stating that view on a point of privilege. I am sure that the hon. the Leader of the Opposition will not wish to say that what the minister has said is something that he knows not to be true.

Mr. Drew: Mr. Speaker, I said that it was not so, and I repeat that it is not so. I also cannot help thinking of what a wonderful thing it would be if, under any conceivable circumstances, the minister were called upon to prepare a paper for consideration by a committee of this house. If he made a statement of gross mathematical inaccuracy and somebody corrected him, he would immediately rise on a question of privilege and say, "I have been told I am not telling the truth." No, Mr. Speaker; I am not going to ask the minister, because I know that that would start the flood, but I am going to point out to the minister that there is involved here a great question of health measures that were under consideration at this recent meeting and there are many details that are not touched upon. His mathematics are very far out when he gives the figure that he has now given.

But I do want to deal with one aspect. The Prime Minister touched lightly upon the fact that there might be suggestions that savings could be made, but said that the government is doing everything it could along that line. Whatever good things may be done by the Department of National Health and Welfare, may I say that one place where considerable savings could be effected would be in the publicity branch of that department.

There are a great many of the people in Canada today who actually think that the hospitalization program in this country is a result of the beneficence of the very pleasant and smiling Minister of National Health and Welfare (Mr. Martin). Mr. Speaker, I only wish it were possible for *Hansard* to be in the form of a record instead of in cold type, because *Hansard* will not record the fact that practically every Liberal member opposite loudly applauded that statement. The reason is clear. They think it is true. It merely shows the extent to which they have swallowed the Liberal mythology. They have actually been fooled by their own nonsense. They are applauding, I know—and I say this in more than formal compliance with the rules of the house—believing that they actually have done these things.

But let us see just what happens in the case of hospitalization. Let us suppose that it takes $15,000 for a bed. The dominion government pays $1,000 for that bed, or one-fifteenth. But from the high-pressure publicity turned out, you would think it was the Minister of National Health and Welfare who was responsible for every bed that a patient can get into in Canada. I even see the Minister of Justice (Mr. Garson) applauding that statement, a fact which shows that the arch-architect of some of this propaganda believes his own statement.

Mr. Garson: The Conservatives are all applauding too.

Mr. Rowe: Just laughing at you.

Mr. Drew: I welcome the applause, Mr. Speaker. After all, there is something extremely gratifying about seeing success of any kind; and never was there a greater success than propaganda of the kind that has fooled those who composed the statement themselves.

Mr. Diefenbaker: Self-hypnotism.

Mr. Drew: Yes; it is a form of self-hypnotism carried to an extremely high degree. In all these statements that are issued to the public by the highly-paid propaganda agents of the Department of National Health and Welfare, where do we see set out the portion that is borne by the provinces, by the municipalities and, above all, by the voluntary efforts of the individuals right in the communities themselves? Oh, no. Santa Claus

is pictured in all his glory, and in the propaganda that goes out there is no suggestion that the face is even a false face that Santa Claus wears. But this is more than just simply an aside. I hope I shall not be accused of attacking Santa Claus in making these remarks, in view of some of the difficulties that have been encountered by the Department of National Health and Welfare in that respect on other occasions. But may I say that this matter is of more than passing interest because right down the line there has been an attempt to confuse the record with regard to what has taken place with regard to the whole problem of dominion-provincial relations and the constitution under which this government must conduct its affairs if they are to be conducted at all.

Before I proceed to deal with this matter, may I say that there was, of course, the reverse side of the coin in the statement made by the Prime Minister (Mr. St. Laurent). That is why I say this was a most confusing statement. As recorded on the next page of *Hansard*, page 3288, I asked this question:

> Mr. Drew: I should like to ask a supplementary question on the same subject matter as that to which we have been referring, and which follows as a result of the question that followed mine. In view of the fact that we have been from time to time referring to these proposals from both sides of the house, I should like to ask the Prime Minister to whom we can look for a correct interpretation of what is described as the green book if we cannot look to him for that interpretation.
>
> Mr. St. Laurent: I think the best place to look is in the green book itself—
>
> Some hon. Members: Oh, oh.
>
> Mr. St. Laurent: —in which can be found exactly how those proposals were put forth.
>
> Mr. Drew: Then do I take it that the Prime Minister has withdrawn his earlier statement, and that the green book still stands as the proposals that he could accept?
>
> Mr. St. Laurent: If there were manifested to us a disposition of all the provincial governments to accept—

Some hon. Members: Hear, hear.

Mr. Drew: That is the other side. I hear "hear, hear" from those who applaud every statement that emanates from the Liberal side of the house. But, nevertheless, which of these statements are we to accept?

Mr. Rowe: They are exactly opposite.

Mr. Drew: Which of them stands as the position of this government today?

An hon. Member: Take your choice, George.

Mr. Drew: I was very much interested in that interpolation, "Take your choice, George", interjected by one of the Liberal members. That is exactly where we are left. Whether it is Tom, Dick, Harry or George, we are all left in the same position. Every hon. member on the other side of the house—

Mr. Brown (Essex West): Do not forget us.

Mr. Drew: Oh, no. I would not forget those to my immediate right.

An hon. Member: The rump.

Mr. Drew: Oh, I think we shall describe them as the Liberals to the right. They are to be distinguished from the Liberals to the left. I would not forget them because the remark, "Take your choice, George", did, in fact, come from one of the Liberals to the right. That is exactly the attitude of this government to parliament: Put any statement before the house; never mind whether it is consistent or inconsistent; never mind whether supporting facts have been made available. Then if you try to find out what the facts are, laughingly you are told, with great applause for the wisdom of the statement, "Take your choice".

That is exactly where we have been left in this session and for several preceding sessions. But this is something which calls for a little bit more orderly approach. I should think that there is no subject about which we have more right to know what the facts are than the constitution itself under which we sit here in this House of Commons. We surely cannot have it suggested for a moment that this is a matter of concern only to the Canadian government and the governments of the provinces. This is a matter of concern to every member of parliament. In the face of these statements, every member of parliament is entitled to have an answer to the question: Where do we stand on this subject at this time? When the dominion-provincial conference meets in October, this meeting is not a choice, exclusive club open only to members of this government and the governments of the 10 provinces. The government of Canada will simply be there as the executive of this parliament. The members of this parliament have a right to know what the position is, and we have a duty to say what we think about a situation of this kind where the clearest remark that has yet been made from the other side is, "Take your choice, George".

That is not good enough. By all manner of means, as between any different set of facts that may be legitimately open to question, each one of us may be called upon from time to time to take our choice. But we surely have a right to know exactly what the position is in regard to these proposals to which the Liberal party has committed itself so irrevocably. Surely they are not going to say now that this is something that can be abandoned so lightly because it is not only the Prime Minister (Mr. St. Laurent) who has dealt with this matter. After the 1945-46 conference had been disposed

of, and if the statement of the Prime Minister the other day was intended to be taken as the present position, that is the time to which we must look, and we find that Mr. Abbott had this to say in his budget speech in 1947, as found at page 2548 of *Hansard*:

> The government of Canada looks forward to the day when the agreement of all or substantially all the provinces will make possible the achievement of the great national purposes which impelled the dominion to make its comprehensive proposals of August, 1945.

Do I hear applause in support of that statement? No. I hope that perhaps some of the hon. members opposite who did not applaud that statement by Mr. Abbott on that occasion are beginning to ask themselves: Well, where do we stand on this matter?

An hon. Member: Where do you?

Mr. Drew: After all, they were elected on that pledge, and it certainly is not too much to say that the government would be sitting on the treasury benches under false pretences if it did not intend to fulfil the undertaking given in 1953 when every member here, with the exception of those elected in by-elections, came into the present parliament. Therefore, Mr. Speaker, I do think this is something that we certainly have the right—

Mr. Ferguson: Don't mention those election promises now.

An hon. Member: Forty-two points.

Mr. Drew: One of the hon. gentlemen opposite has shouted "42 points".

An hon. Member: Twenty-two.

Mr. Drew: May I suggest to him a rereading of the Liberal handbook of 1953. He will find that 22 was just a fraction of the points put forward in this beautifully bound book put out at that time.

Mr. Hodgson: It was probably 21 skiddoo.

Mr. Drew: This is not an academic or theoretical subject we are discussing. We are discussing the very basis upon which the governments must meet if they are going to tackle the problem of dealing with the unemployed.

Mr. Garson: Would the hon. gentleman permit a question? If he were premier of Ontario today would he today accept the green book proposals in their entirety?

Mr. Drew: Oh, Mr. Speaker, I welcome that question because the minister is one of those who know perfectly well that I urged acceptance of the proposals when the facts were obtained and he sat there and heard me urge that.

Mr. Garson: On a question of privilege, Mr. Speaker—

Some hon. Members: Sit down.

Mr. Drew: I am continuing, Mr. Speaker.

Mr. Garson: On a question of privilege—

Mr. Drew: I am continuing.

Mr. Speaker: I understand the minister is now raising a question of privilege.

Mr. Garson: My hon. friend has said that I sat there and listened to him accept the proposals. I sat there and listened to him, as premier of Ontario, reject them.

Mr. Drew: Mr. Speaker—

An hon. Member: Sabotage.

Mr. Brown (Essex West): He scuttled that conference.

Mr. Drew: It is difficult within parliamentary rules to give an appropriate answer to the statement that has been made, but may I simply say that it is a most remarkable example of superlative inexactitude. I am compelled now, Mr. Speaker, to deal with this Liberal mythology. There was no rejection of the proposals, and the minister knows it.

An hon. Member: Who walked out?

Mr. Drew: I hear one of the Liberals to my right shouting "who walked out?" This is the most illuminating thing I have seen, the exposure by the Liberals themselves of the extent to which they have swallowed their own guff.

Mr. Rowe: Half of them do not know and the other half will not believe themselves.

Mr. Drew: They are confusing another occasion. The walk-out was in 1941 when the Liberal premier of Ontario walked out.

Some hon. Members: Oh, oh.

Mr. Rowe: You have started something.

An hon. Member: Rewriting history.

Mr. Drew: Someone mentions rewriting history. I know the Minister of Finance (Mr. Harris) does not like that, and for that reason I believe he will welcome the corrections that are being made this afternoon. He wants the history to be straight and I want it to be straight. In answer to the statement made by the Minister of Justice, I am now compelled to take sufficient time to make the record clear.

Mr. Rowe: He laughs best who laughs last.

Mr. Pickersgill: That will take a long time.

Mr. Drew: The dominion-provincial conference of 1945-46 met on August 6, 1945. On that occasion there was a gratifying atmosphere of good will. If some hon. members, including the Minister of Justice, have been misled by this expensive propaganda let them go back and read the report of the proceedings on that occasion. They will find that the conference adjourned in August to meet again in November for the purpose of continuing the discussions. A statement was issued to the press by the then prime minister of Canada expressing great gratification with the results that had flowed from the conference up to that time. Then the conference met again on November 26, 1945, as a co-ordinating committee, and we discussed certain facts. We discussed the very obvious fact that the dominion government did not have the supporting information upon which to proceed with these proposals. In that regard I cannot help recalling something else that was said by the Prime Minister last Friday. As recorded at page 3287 of *Hansard* of last Friday the Prime Minister, referring to the communiqué issued following the conference of last week, said:

> The communiqué indicates that there was a discussion of—I will not say "offer" or "proposal" of the federal government because those words were objected to by others attending on the ground that there was nothing complete that could be regarded as an "offer" or as a "proposal"—a suggestion that I put before the meeting on the first day when it was an open public meeting.

May I emphasize these words, Mr. Speaker, because they have such a reminiscent sound in relation to that earlier conference. These are the words of the Prime Minister of last Friday:

> It was quite evident, and no one questioned it, that we did not have accurate information that would permit of the establishment of an exact formula.

We have been pressing in this house for more than two years for an examination of the whole problem, for consultation with the provinces, for the taking of steps to deal with unemployment, and yet only last week we were told by the Prime Minister that they do not have the facts. It was not because they did not have plenty of help to get the facts for them. Not only the dominion bureau of statistics but every department has some form of research branch of its own, some more elaborate than others, and these research branches were available to them. But I should like hon. members to recall, and with deference may I say particularly hon. members opposite, that during all these discussions when we have urged action the Prime Minister remained silent in this house in regard to unemployment. The government gave no indication to us it was going to do anything about it. Then, on the very eve of this new dominion-provincial conference, proposals were given to the press with the usual fanfare to indicate that this beneficent government was going to do great things for unemployment. Now we find from the statement of the Prime Minister that those assurances were given without any supporting information. Mr. Speaker, that is reckless and irresponsible.

They withdrew from the proposals put forward in 1945. They put other proposals forward and they did not have the facts. It was just something to catch the eye of the people of Canada through the press and over the radio as this conference met. They did not have anything to put before that conference last week—not a thing. As the Prime Minister has told us, those who were there even objected to these being called proposals, and I should think very wisely in view of what we have now heard. But, Mr. Speaker, these proposals, and they were proposals, were put forward as a basis for discussion. I can only hope that on this occasion the government really intends to try to make this conference reach some positive conclusion. What I have just said has a direct bearing on what occurred in 1945 and in 1946.

In the autumn of 1945, it became quite clear that the government, this same government, did not have the facts. An economic committee, therefore, was set up to examine the facts. The committee was made up of government experts from every one of the governments, including the dominion government. Then, following that we all met again on January 28, 1946. Again, this was a meeting of the co-ordinating committee but it brought together the Prime Minister of Canada, the premiers of the provinces, a number of their ministers and the staff that was needed for that purpose.

Then, on a later occasion we had a plenary conference which met on April 29, 1946. I had no intention of going into this detail about this conference but when the Minister of Justice (Mr. Garson), who was there, says that these proposals were refused he is either very forgetful or very careless of his statements. The fact remains that we were discussing these matters right up to the adjournment on May 3, 1946, on the basis that we were going to meet again to consider all the proposals. Let me read from the last page of the *Hansard* record of this conference, page 624. I am going to start quoting from the statement of Mr. Ilsley, who was then minister of finance. After his opening remarks he had this to say, and I shall continue to read to the end of the *Hansard* record which is on the same page. I am quoting now from Mr. Ilsley, and I ask

hon. members and particularly hon. members opposite who have heard this sort of propaganda, which is the sort of inaccurate misrepresentation to which we have listened today, to listen to the words that were actually used and see whether or not they are susceptible of the suggestion that this meeting was still not a continuing meeting.

Mr. Ilsley said:

It is evident to me that it would be undesirable to indicate any particular date to which this conference should be adjourned. It seems to me that it is the duty of the government—

That is the government of Canada.

—to give consideration to the various proposals and suggestions which have been put forward. The premier of Ontario suggested, as I understand it, that we alter the basis of the proposed agreement; and Mr. Macdonald also made some changes that might possibly be made. Mr. Douglas on the other hand expressed a point of view in many respects opposite to that of Mr. Macdonald; he suggested a splitting of the differences, or compromise, between the Ontario position and the dominion position. He said, rather soundly I think, that he did not expect his suggestion to be accepted, at least this afternoon; but he wanted to place it on record for consideration.

We have on the record what has been said by the various premiers. It is now our duty—

These are Mr. Ilsley's words.

It is now our duty to give consideration to the situation as it has developed, and announce our decision in due course as to the procedure that should be followed to deal with that situation. I do not think we can do anything beyond that at the present time.

As the Prime Minister reminds me, I must proceed at once with the preparation of the budget. It is not possible for me to wait until an agreement is reached, and I will have to prepare the budget in the light of the fact that no agreement has been reached. In the meantime my suggestion is that we should adjourn *sine die*, and that the government take into consideration the points of view that have been expressed here today, and then arrive at a decision as to the procedure to follow and the position to take.

Mr. Macdonald: Mr. Chairman, I take it that Mr. Ilsley is not suggesting that there will not be another conference. The premier of Quebec who is not here said he would come back at any time.

Some hon. Members: Hear, hear.

Mr. Drew: Listen to the laughter of those who swallowed this propaganda. The premier of Quebec was not there at that time, but he had indicated he would be back at any time to discuss these matters. I am continuing Mr. Ilsley's remarks.

An hon. Member: Were you there?

Mr. Drew: That merely indicates the complete ignorance of those who have been applauding the government for its mistakes. One of the hon. members opposite asked if I was there. I was not only there, but I was sitting there right to the very end. If the hon. member wants to read the text he will be able to see that on the page before I had been indicating the urgency of dealing with these problems just as soon as possible.

Now, Mr. Speaker, I finish quoting that statement which was interrupted.

Mr. Mackenzie King: Gentlemen, it has been moved that the conference adjourn *sine die*. All those in favour of the motion will please say, "aye".

Some Premiers: Aye.

Mr. Mackenzie King: Those opposed say, "nay". (No replies)

Mr. Mackenzie King: I declare the motion carried unanimously.

The conference adjourned immediately after the statement by the very distinguished premier of Nova Scotia that he assumed this conference was going to meet again. We all had a right to assume that conference was going to meet again, but it did not. When there is any suggestion that the proposals were rejected, I say that simply is not so. There was no chance of rejecting or accepting because the next thing that happened was that this government, with the typical course of action that they have been following right through—a course of action referred to by Premier Campbell of Manitoba last week—acted on their own. Mr. Ilsley, without any further inquiry of the provinces, or consultation, placed before the house a statement as to what the government was going to give in the way of allowances to provinces that were prepared to accept an agreement. There was no basic agreement with the provinces. It was simply a case of "Big brother has decided, and those who are not trying to make things difficult will immediately comply". That is the way this government has been dealing with these problems right along. That conference was not reconvened, and the only reason those agreements were not reached at that time was that this government refused to meet again. Do not let the Minister of Justice continue the kind of statements he has been making outside because in here we can challenge their accuracy in a more formal manner.

As far as those agreements were concerned, not only was there tacit understanding on the part of many provinces as to that, but there was a strong urge that they be carried into effect without any further delay as soon as the facts were obtained; but this government did not have the facts then, and as the minister of finance himself said, they were going to take into consideration the proposals that had been made, and that is the way we were dealt with. No, Mr. Speaker, this government scuttled that conference. That is what happened, and it has remained in that sunken condition ever since.

The conference which met on an earlier occasion was not a continuation of that conference; it was a conference presumably

called to discuss the constitution. It is still in the air, too. As far as any of these matters are concerned, this government apparently believes that all it has to do is to call a conference, make a series of statements in regard to which they have not the basic facts, leave the whole thing in the air and then employ their expensive propaganda machine to assert that those on the other side disagreed with what they said. That has been the whole course of these proceedings.

Since this impression has been so assiduously disseminated, Mr. Speaker, and carried forward even today, that in my capacity as premier of Ontario I was an unwilling attendant at those conferences, I am going to place on record something that has not previously been placed there. I trust that the minister is unaware of this because his conduct would be surprising if he were aware of the fact that the initiation of that conference started by a request communicated on behalf of the government of Ontario, over my signature in January, 1944. I am going to place that on the record. Of course the Minister of Justice knows this because he received a copy of the letter afterwards.

Mr. Ferguson: He may still not know it.

Mr. Drew: Well, I am going to remind him. On January 6, 1944, as premier of Ontario, I wrote the following letter:

Right Hon. W. L. Mackenzie King,
Prime Minister of Canada,
House of Commons,
Ottawa, Ontario.

Dear Mr. King:

Since returning to my office, I have had the opportunity to read a number of speeches made by dominion cabinet ministers referring to plans that are being made for post-war employment and reconstruction. I find that in most cases they refer to fields of activity which would ordinarily be under the exclusive jurisdiction of the provincial governments.

An hon. Member: Family allowances.

Mr. Drew: The mythology still persists.

I need not say that we are most anxious to co-operate in every practical measure which will assure effective post-war planning and the prompt rehabilitation of the members of our armed forces. I believe it is extremely important, however, that where it will be necessary to obtain the agreement of the provincial governments in regard to the joint occupation of fields of legislation ordinarily under their exclusive jurisdiction, there should be previous discussion so that any measures introduced will be on a basis agreed upon in advance.

At present, there are agreements in regard to health and education awaiting adjustment between the dominion and provincial governments. I believe that it is very difficult to deal with these or with any other similar agreements until we have reached some understanding in regard to the present and future constitutional relationship of the various governments.

I would therefore urge that a dominion-provincial conference be called at the earliest possible date to consider the broad question of post-war planning and reconstruction. Not only is this necessary for the purpose of determining the basis upon which the dominion and the provincial governments will co-operate, but it is also necessary for the purpose of considering the subject of taxation in relation to these measures.

I believe that it is of the utmost importance that such a conference be held before any measures are introduced either in the dominion parliament or the provincial legislatures, which call for ultimate agreement between the dominion and the provincial governments. We will be prepared to send representatives to a conference of this nature at such time as will be convenient to you, but I do urge that the conference be held at the earliest possible date.

Yours sincerely,

To that, Mr. Speaker, I received the following reply on January 13, 1944, from Mr. King.

Hon. George A. Drew, M.L.A.,
Premier of Ontario,
Toronto, Ontario.

My dear Premier:

I wish to acknowledge your letter of January 6, regarding the calling of a dominion-provincial conference to consider questions of post-war employment, reconstruction and the financial relationships between the dominion and the provinces.

At the close of the dominion-provincial conference on January 15, 1941, I indicated that my colleagues and I would be ready to meet the provincial governments at any time they were generally agreed that a further conference would be in the national interest.

I am pleased to note from your letter that the province of Ontario is prepared to take part in such a conference at the earliest possible date. By direction of the government, the clerk of the privy council is today sending a copy of your communication to the premiers of the other provinces, with a request for an early expression of their views as to the holding of a dominion-provincial conference.

Yours sincerely,
W. L. Mackenzie King.

There was the beginning of the whole exchange of discussion that led up to that conference. Mr. King had no hesitation in saying that he had forwarded the letter I had sent to him as the basis of suggestion to the other premiers, and upon that basis the conclusions of the suggestions were brought together which were then followed up at a later time, and we kept pressing for a conference throughout a great many communications, copies of which I have in my hand, up until the time that the conference was finally called on August 6, 1945. That letter was the basis of the whole agenda, and it will be recalled that the name used for the conference was the conference on reconstruction, which was the name suggested in my letter to Mr. King at that time.

I do think it is about time that we should be able to discuss these things without the suggestion that these proposals were rejected or otherwise. There is the *Hansard*

record. The conference adjourned with a statement on behalf of the dominion government that they were going to be considered, and we never met again, only because the dominion government was not prepared to call a conference, although it was requested over and over again by myself as premier of Ontario and by other premiers right across Canada.

This is something that every member should be prepared to examine objectively. We have another conference under way. Members of parliament are those who must accept responsibility for their willingness, if they indicate that willingness, to let this government leave the whole thing in the position where their attitude is described by words used earlier this afternoon, "take your choice, George." No; surely hon. members opposite, who must claim some success out of this beautifully published book, are the very ones who have the highest degree of obligation to see that these undertakings are planned, and that we do know where we stand. After all, we very frankly indicated doubt that the government had any intention of carrying it out, and we were certainly right on that occasion. We are not dealing with mere questions of agreement or disagreement, we are dealing with the human problem of hundreds of thousands of unemployed people who today are desperately anxious about the future. We are dealing with the problem of what answer is going to be given by the husband who comes home to his family and is asked, "Have you got work?" We are dealing with the problem of the housewife who wants to know where the money for the next meal is coming from. We are dealing with the deepest and most fundamental problem of all, the maintenance of the households of the people of Canada.

It is this human problem which is incorporated in this situation because we have been told by this government through the Prime Minister that the proposals they put forward should not be called proposals because they were not definite enough and in any event that they have not the facts on which to proceed. Let us have the facts. We have been in the position where we have two sets of figures in regard to the unemployed. We have a set of figures given on March 17 in regard to applicants for employment showing a total of 632,913. Those were the figures given to us by an agency of government. Then we are told that those are not the right figures, that the other figure is just over 400,000. If they are over 400,000 they are far too high. Which figure is correct?

In any event the government does not know. The government has not the facts and there are a lot of facts to find out. How is this divided as between married and unmarried people? How is it divided as between the young and the old? How is it divided as between husbands and wives where both are employed? Those are all factors in a problem of this kind. They are all factors in regard to which every single detail should have been obtained long ago by this government under the pressure which has been exerted in this house.

The Prime Minister blandly told us the other day that it was perhaps a good thing that there had not been agreement, that they may have been too optimistic in those 1945 proposals. That is poor solace to the unemployed who have been hoping that out of these meetings would come something to meet their situation. We should have known that long ago if the government thought this had been a fortuitous breakdown, with the resultant refusal to call another conference. Perhaps that was the reason they did not call another conference. I wonder. The Prime Minister now says that it was fortunate they did not reach agreement. Perhaps they made sure that they never reached agreement and that is the reason we were not called back. It is the first reasonable explanation I have heard on the part of this government in this respect.

Then the Prime Minister speaks about the heavy burden of war, or perhaps I should correct that and say heavy expenditure for defence preparations.

An hon. Member: The cold war.

Mr. Drew: I hope no hon. member opposite will object—someone just now objected to the use of the word "war", but to the young men who fought in Korea it was a very real war, whether a hot war or a cold war. The Prime Minister very properly pointed out that large expenditures are being made for defence. That is true, but let us look at the situation as it is.

In 1944, which was the base year upon which these proposals were made, the gross national product was $11,954 million. In 1954, which is the base year upon which the present proposals were based—I should not use the word "proposals" because there were not enough facts to justify that name, according to the government—the gross national product had more than doubled to a total of $23,985 million. If the gross national product is twice as much, why cannot they deal with these proposals on the basis they put forward? How much further do they need to go?

In 1939 the percentage of the tax dollar which the dominion government took was

48 per cent; the provincial governments got 22·3 per cent and the municipal governments 29·7 per cent. Last year the dominion government took 77 cents of every tax dollar, leaving 23 cents to both the provinces and the municipalities, less in percentage than what the municipalties were getting in 1939.

If the dominion government has to have a higher concentration of the tax dollar than they now have, all the authority of the provincial and municipal governments will be gone entirely. That is what this statement is reduced to; that is what it means. I hear an hon. member suggesting that that is what they want. Everything that they have done indicates that step by step they have forced the provinces into the position where they are going to find it most difficult to carry on.

I was interested in the interjection by the Minister of Justice (Mr. Garson). I should like to hear the Minister of Justice tell us whether he approves of the present proposals put forward by the Minister of Finance (Mr. Harris), because the Minister of Justice has been going all over the country saying that the agreements and the agreements alone must be preserved, and nothing else. Anything else would be almost disloyalty.

Yet the Prime Minister and also the Minister of Finance have announced that they are going to have a dual system. They are going to have a system of agreements and a system of tax exemption; if some province becomes sufficiently noisy about its position, or should I say sufficiently vigorous in its demands, may we not have another system? Certainly the principle, enunciated by the Minister of Justice, of agreements only and nothing else has gone. As he knows, that has gone in the proposals put forward by the Minister of Finance. I have no doubt that the Minister of Justice intends to support them because they are put forward by the Minister of Finance.

If with the concentration of funds now available this government cannot carry out its undertakings, then they never could have carried them out. Therefore we are in the position that the only way in which anything can be done would be by a still greater grasping of provincial and municipal funds and for all practical purposes the extinction of provincial and municipal rights.

I might point out another rather significant fact, referring again to the book I had in my hand earlier this afternoon.

An hon. Member: Read it.

Mr. Drew: I cannot help pausing for a moment to hear the remarks from the other side as hon. members express their approval of this book and its contents and yet repudiate it. I urge them to reread the book, particularly the statement in regard to the implementation of the 1945 proposals. When the Prime Minister tells us that it is rather difficult because of the expenditures on national defence, I need not remind hon. members that in 1953 when the election was under way the expenditures on national defence were far higher. If there was any honesty of purpose behind that declaration in 1953, then they are better able to fulfil that obligation today than they were in 1953.

Mr. Ferguson: Do not remind the Prime Minister of those election promises. It is not fair. Oh, that is mean.

Mr. Drew: I should like to point out one further significant and important fact. The proposals put forward by the government of Canada at the conference last week were proposals to deal with unemployment at an unnamed time and on the basis of unknown facts. But what the people of this country want to know is not only what this government is prepared to do now in regard to those who are actually unemployed, whichever figures of their own they use; we want to know what this government is prepared to do now to stimulate this country so that there can be employment. What we should be talking about is the creation of employment. No country in this world has it within its power to create employment and expand production as we have here in Canada, with sufficient vigour and energy on the part of the government and its people.

We have heard already during the course of this debate that the government has confidence in the country, leaving the implication that others have not. Mr. Speaker, we have confidence in this country, and we have confidence that we have to encourage the development of the limitless resources we possess, and for the production and fabrication of which we have such enormous resources of industrial energy in the form of hydroelectric power, coal, oil, gas, uranium—all these things. We say that, with the development of these, there is full employment for all here and full employment for millions more in the years immediately ahead.

An hon. Member: All we need is a new government.

Mr. Drew: All this calls for action. The Minister of Finance gave a rather schoolmasterly bit of advice to the manufacturers. He told them that they had better pull up their socks and meet the situation. This

demands more than action by the manufacturers. It demands action by everyone. It demands action by this government, by the provincial government, by municipalities, by employers and employees, and by all Canadians. The outstanding fact with which we are confronted today is that Canada is no longer selling abroad in a sellers' market. We are up against the keenest competition this country has ever known.

The miracle of recovery in Europe is something of significance to every one of us. Out of the ravages of war 300 million people have rebuilt their economy in a way that has not been equalled in the whole history of mankind. It is only a few years ago that in a patronizing manner we talked about Britain and said that Britain was through, that the British were tired and really did not have the energy. Yet today Britain, with nearly four times the population, has only a fraction of our unemployed. Britain today is more prosperous than it has ever been in its history. France, with all its difficulties, is immensely prosperous. Italy has made a recovery that is beyond the imagination. West Germany has made the most incredible recovery of all. Out of the very ashes of the greatest destruction ever visited upon any nation has developed one of the great production areas of the world and, as we now know, they have moved even within these past few years into the third trading place in the world, although only six years ago we were insisting upon the destruction of many of their plants in the Ruhr and in the Rhineland. This is one of the most unbelievable recoveries. The same is true of Holland—gallant Holland, which Canadians know and admire—Denmark, Norway, the Baltic states, Switzerland; yes, and in Spain and Portugal, right through the whole of Europe, there is a level of production such as has never been known. Let us not forget our debt to the United States, because in very large measure that great recovery has been due to the unparalleled generosity of our friends in the United States and the money they have given for the reconstruction of Europe.

Having said that, then let me say most emphatically that that is not the most important by any manner of means. It is the spirit of the people. It is the spirit of the people of Britain that you see emerging out of all this effort. It is the spirit of the people of the different countries of Europe, and there today among those 300 million people, so closely akin to us in the ideas of society and of the good and decent things of life, we see production, we see skill, we see a mounting prosperity which is of importance to every one of us. Let us thank God that they have been able to recover in this way from the destruction which had taken place. But let us also remember that we should be very thankful that that great area stands prosperous and firm in the defence of the same freedom for which we are struggling at this time. Moreover, it presents a great market into which we can sell, if only we vigorously recognize the demands that are before us. Therefore, let us do everything we can to stimulate this activity. But the first place for this sort of action to come from is the government itself. The government has put forward a proposal that there be a commission to inquire into the broad economic future of this country. That is a fine thing; but, if it is a good thing to appoint a royal commission for that purpose, then that knocks into a cocked hat all the nonsense we have heard about royal commissions destroying the authority and responsibility of government. Every time we have put forward a proposal that there be a royal commission to inquire into waste and extravagance in the government, which incidentally has been found every time there has been an inquiry—

Mr. Rowe: It is getting worse.

Mr. Drew: —we have been told that it is contrary to our constitutional system and it would be a denial of the rights and responsibilities of parliament. But these people now put before us a royal commission to inquire into our economic system. We want something to be done right away to deal with this problem of unemployment. We want something done now to deal with the unemployed; and we want the government itself to do something that will stimulate the sense of economy and efficiency in this country.

Therefore, as we approve of the setting up of this commission, I repeat our request that a royal commission be set up to inquire into the operation and organization of all government departments and all agencies of government. We have heard these pious assurances about efficiency and the things they are doing. I shall close these remarks by saying to the Minister of Finance, in the ancient biblical words, "Physician, heal thyself".

An hon. Member: A great speech, George.

Hon. Paul Martin (Minister of National Health and Welfare): I am sure, Mr. Speaker, that we will all agree with the observation of the amiable gentleman who just intervened and say that, from the point of view of delivery and the renewal of old-time vigour, "That was quite a speech, George." I may say to the Leader of the Opposition, before I cross swords with him this afternoon, that I am very glad, as everyone in the house is, that during the past month or so, he has

shown increasingly if not his old-time form of exactitude, his old-time form of vigour.

Sir, I rise primarily today to answer the observation made by the Leader of the Opposition in the early part of his speech, when he took issue with the implication of my question that the 1945 proposals of the federal government have in the field of health and welfare been implemented to the extent of over two-thirds. The Leader of the Opposition contradicted that statement and said it was not true. I now propose among other things to deal with that particular aspect of the question and show that my statement is fully substantiated by the evidence I am now going to offer.

It will be understood and remembered that the 1945 proposals were a series of integrated proposals the implementation of which depended upon the finding of agreement with the provinces on fiscal measures. It was clear at all times that the several and individual proposals could not stand by themselves. The federal government offered to bring in certain measures in consideration of particular agreements, mainly in fiscal matters, with the provincial governments. My hon. friend has said it was this government that scuttled the conference of 1945. I do not know whether he meant or hoped to indicate by that statement a suggestion that we had done the same last week or were proposing to do so next fall. But I want to say—

Mr. Drew: On a question of privilege, Mr. Speaker, may I say that in my remarks there was no suggestion, so far as last week's preliminary meeting was concerned, of any such thought or any such indication. The fact is that so little was done that it would not have been possible anyway.

Mr. Martin: I thank my hon. friend for saying that his reference was to the 1945 conference and not to the conference of last week. As one of those who participated in last week's conference, one of the sessions of which—and I think it was the most important one—was a secret session by agreement, I may say that there was a disposition on the part of everyone, from the Prime Minister of Canada (Mr. St. Laurent) down to every premier and delegate, to deal in a spirit of understanding and co-operation and by means of constructive effort, with the difficult problems that face Canada. I am sure that spirit will prevail under the Prime Minister of Canada, who we all know is capable of nothing but understanding and co-operative effort.

The premier of Ontario—and he disagrees with the Leader of the Opposition—in commenting on the conference of last week said it was a most helpful one on the part of all parties to the conference. I believe the way to bring about good government in Canada is by so conducting oneself as to make it possible for all those taking part in a dominion-provincial conference to say that what we have done has been done in a co-operative and understanding spirit.

I shall not say to the Leader of the Opposition that he did not approach the problems in 1945 as sincerely as did anyone else. The hon. gentleman is a sincere-minded gentleman. While we may differ on issues, I shall never be found accusing him of want of sincerity. However, I say to him in all earnestness, that my reading of the record of the 1945 conference suggests that, notwithstanding the fact that the hon. gentleman may have been acting, as possibly he thought he was, in the interests of his province—and for that I give him credit—his attitude was one of the main factors why that conference did not succeed.

You will recall, Mr. Speaker, that in 1945 no agreement was reached on fiscal affairs. So the federal government has never at any time since that date been committed or obligated to carry out the 1945 proposals, since the conditions on which they were based have never been fulfilled. Despite this fact, the federal government has actually gone ahead on a unilateral basis with such portions of the 1945 program as it seemed possible from time to time to implement. The result is that 10 years later, in 1955, we find that most of the proposals have, in fact, been implemented to a degree far in excess of the levels suggested at the 1945 conference.

Mr. Drew: Mr. Speaker, might I ask what the minister is reading from, in order that I may know the source of the information he is giving to us?

Mr. Martin: My hon. friend is asking a perfectly correct question. When he was reading some of his notes I wondered the same thing.

Mr. Fleming: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Speaker: Order. I take it that the hon. member for Eglinton is rising on a question of privilege.

Mr. Fleming: I am rising on a question of privilege. The minister has said that the Leader of the Opposition was reading from his notes. That, if true, would have been a breach of the rules of the house. The Leader of the Opposition was not reading from his notes.

Mr. Speaker: Order. The hon. member for Eglinton rises on a question of privilege to state that the Leader of the Opposition has been improperly accused of reading from his

notes. Does the hon. member not think that a question of privilege in that sense is one which does not belong to him but rather to the Leader of the Opposition? May I point this out to hon. members generally. We have listened to an interesting speech by the Leader of the Opposition. We are now listening to one which promises to be equally interesting by the Minister of National Health and Welfare.

Mr. Knowles: He is always promising.

Mr. Speaker: Naturally some interruptions are in order, provided they are not disorderly. An hon. member must not be interrupted while he is speaking unless he gives his consent. I would not want too many questions of privilege to be raised when, in fact, they are not questions of privilege and are raised only for the purpose of interrupting the hon. member who has the floor. A moment ago I did all that I could to protect the Leader of the Opposition, who had the floor. I intend to do likewise with regard to the minister who is now speaking and with regard to any other hon. member who may take part in this debate. I should like hon. members to co-operate. If they do not agree with some of the remarks being made by the member who has the floor, I would ask them not to interrupt on a question of privilege when the question, in fact, is not one of privilege.

Mr. Drew: Mr. Speaker, on a question of privilege—and I know in this case the minister will welcome the interruption—I wish to make it clear that I read nothing except quotations, and they were clearly indicated as quotations. I assure the minister that I was not implying that he is reading his speech. I confess that at the time I thought he was reading from something, and I asked the question actually wanting to know the source of the information. If the answer is that he is reading from notes, then that is the complete answer to what I asked.

Mr. Martin: Mr. Speaker, I assure you and the house that I shall not be reading for very long from what I have in front of me, because I think I am usually able to collect my thoughts without too much trouble. However, over the week end, after the exchange between the Prime Minister and the Leader of the Opposition, I did some homework. I find that homework is extremely interesting. I have tabulated a number of facts, and that tabulation is what I have been referring to and reading from. I think my hon. friend will find that, notwithstanding the heavy preoccupations which he, I and others had on Saturday, I did a fairly good job of homework.

[Mr. Speaker.]

The 1945 proposals had to do with fiscal agreements, social security and public investment. Under the heading of fiscal agreements we now have tax agreements with 9 of the 10 provinces. It is interesting to note, from the table I have before me, the payments which we were prepared to make in 1945 and 1948, compared with the payments to be made in 1956, and the extent to which, in the fiscal field, we have more than implemented what was proposed in 1945.

In 1945 we proposed to the provinces a formula which would have resulted, had it been in effect in 1944, in total payments to the provinces of $206,800,000. In 1948 the payments to the provinces would have amounted to $215,400,000 on the basis of the 1945 formula. The estimated payments in 1956 are $320,350,000. Hence in the matter of fiscal agreements alone the government and the Minister of Finance have been able to provide to the provinces payments substantially greater than those proposed at the famous conference in 1945 to which our attention has been directed this afternoon.

Mr. Knowles: Have you those figures in constant dollars?

Mr. Martin: I have those figures in constant dollars, and if I had unlimited time I would go through the whole table. It is very interesting. But I shall take Ontario as an example. For 1944 the proposed payments to Ontario would have been $68,600,000. In 1948 the proposed payments would have amounted to $70,300,000, and in 1955-56 the premier of Ontario will have $139,500,000 at his disposal for the services he wishes to perform. These figures make it clear that the federal government has in fact implemented the fiscal portion of the 1945 proposals for any province desiring to participate, and has done so at a level twice as generous as the most optimistic estimates of financial revenue accruing to the provinces as set out in the 1945 proposals.

Further, in return for these tax rental payments the federal government has not insisted on the exclusive occupancy of all the tax fields on which it insisted in 1945. While still insisting on the occupancy of the personal income and corporation tax fields, it now agrees to share other fields such as succession duties with the provinces.

Mr. Drew: It vacated the fields we suggested should be vacated.

Mr. Martin: I am sure I would welcome a question, but I would appreciate it if I could deal with this matter without interruption. In addition, the federal government has also vacated the gasoline tax and amusement tax

fields, leaving exclusive occupancy of those fields to the provinces. That was not the situation in 1945. That is the situation today, and points out in fiscal matters the extent to which the federal government has implemented the proposals which it made in 1945.

Mr. Drew: That was what we urged and what was refused.

Mr. Martin: I now come to the matters for which I am responsible ministerially. My hon. friend—and I think what he said was justifiable debate—said that I perhaps took greater credit for myself and for the government than I should in respect of certain acts of the government in the fields of health and welfare. I am not going to say that perhaps my hon. friend is not sometimes justified in this criticism. But I will tell him and the house that the national health program brought in by the government in 1948, welcomed as it was by every province at that time and again approved unanimously at our meetings last week, is a program which I believe to be of such great significance that perhaps I do sometimes overestimate because of enthusiasm the part that I or the department or the government play in it.

Mr. Fleming: By way of self-advertisement.

Mr. Brooks: By way of political propaganda.

Mr. Martin: But I will say to my hon. friends that in the hospital construction grants we have, according to the premier of the province of Ontario, a gentleman for whom I have the highest regard, spearheaded a program that has resulted in the provision of over 68,000 hospital beds in the last six and a half years—

Mr. Drew: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Fleming: You did not spearhead it. Ontario is away ahead of you.

Mr. Martin: —in co-operation with the provinces and, as my hon. friend has said, with the mightier contribution of the citizens generally in the various communities.

Mr. Drew: And after it had been started by the province of Ontario.

Mr. Martin: I am not going to say that Ontario was not building hospital beds. Of course they were. But I refer my hon. friend to the report made by the minister of health of Ontario a year ago last May. He can verify there whether the statement I have made about our contribution is an overstatement.

In 1945 there was no proposal by the federal government to make grants for hospital construction. In 1945 the federal government made certain proposals in the field of health. In the field of hospital construction it proposed that it would be prepared to lend the money at a low interest rate. That was the proposal in 1945. Since that time we have gone further in implementing this particular proposal, and instead of making loans we are making outright grants to the provinces and local hospitals. Therefore in that particular no one can say that I am not justified in saying we have more than implemented that part of the 1945 proposals.

But let us look at all the grants and see the extent to which we have carried out unilaterally the things we thought in 1945 should be done in this particular field. The total in dollars and cents of the health grants we offered in 1945 was $14,200,000. That included a general public health grant and grants for mental health treatment, for tuberculosis treatment, for professional training and the like. Since that time we have not committed ourselves to an annual grant of $14,200,000; we have committed ourselves to health grants to the provinces in the amount of $48,300,000. There again we have justified my statement that we have more than implemented our proposal to the provinces in the field of health grants.

In 1945 there was no cancer control grant proposed to the provinces. We are now making available to the provinces $3½ million in the field of cancer control. In the matter of radiological and laboratory services we are now making available $6,078,000. No such proposal was offered in 1945. We are now making an annual grant to the provinces of $1 million in the field of medical rehabilitation. That was not proposed in 1945. We are now making a grant of $2 million in the field of child and maternal health. That was not proposed in 1945. Not only have we increased the amounts we proposed to the provinces in 1945 but we have actually, as I have just indicated, offered further grants in the amounts I have mentioned.

With regard to the proposals for grants made in 1945, the amount proposed for general public health was $4 million. We have made and are making annually a grant of $7 million to the provinces in the field of general public health. In 1945 the tuberculosis grant was placed at $3 million. It is now $4,240,000. In 1945, when my hon. friend was at the conference, the proposed mental health grant was $4 million. The federal government now makes a grant to the provinces on a per capita basis in the amount of $7,235,000.

So, Mr. Speaker, I stand before you able to say—and no one can contradict me in the

face of these figures—that the proposals we made in the field of health, with the exception of health insurance—

Mr. Fleming: Hear, hear.

Mr. Martin: —have been implemented to levels greater than those proposed to the provinces in 1945. In fact the health grants are now two or three times more generous than those proposed in 1945. I can say as the premier of Saskatchewan said last week, although he was not fully satisfied from the point of view of the future direction of the plan envisaged by him, that the health grants which were proposed in 1945 and which have been implemented and increased as I have just indicated have more than justified their existence and are providing for a measure of uniformity in health services throughout the country such as to make every Canadian proud of what we are doing at the present time.

My hon. friend will recall that in 1945 a planning grant was proposed. This planning grant would enable every province to select its own personnel for the purpose of making a complete survey of its health services. This was one of the proposals made in 1945. Have we unilaterally implemented that proposal, Mr. Speaker? The answer is yes. On my desk in my department are 10 huge volumes representing the 10 provincial surveys that have been made under the planning grant, as a result of which today every province is in a first-rate position to assess the extent of its health assets and liabilities and needs. Again, in this particular aspect we have unilaterally implemented a proposal made to the provinces in 1945.

One of the things we have not done has been to carry out the full development of our physical fitness program. I must accept some of the responsibility for that. We have abandoned this program. The house will remember that we abandoned it as the result of a suggestion made by the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher), vigorously supported by the Leader of the Opposition. The whole house agreed with the decision that it should be abandoned.

Then we come to the field of social security, and perhaps here we have even stronger evidence of the fact that the government has, almost to the fullest extent, implemented the proposals made in 1945. At that time the government proposed a universal old age pension system under which the federal government was prepared to assume full responsibility for administration and for the raising of the necessary taxes to provide pensions to everyone, without a means test, at 70. This was in 1945, before Korea, and at a time when our defence budget was expected to be stabilized at approximately $250 million. Since that time war came to Korea, and with Korea increasing obligations in various parts of the world including our contribution to NATO. The result has been that the Minister of Finance is now budgeting for almost $2 billion for national defence alone.

In spite of that, we unilaterally implemented our proposals for old age security made in 1945, and today every citizen in this country who is an applicant and who is aged 70 is given a non-means-test old age security cheque at a total cost to the Canadian taxpayers this year of $367 million. Again this was done on the recommendation of this government and parliament. Does the Leader of the Opposition say that does not represent the implementation of a very important proposal made by the federal government in 1945?

We will not stop there. In 1945 old age assistance was proposed as well. A scheme of old age assistance was proposed to the provinces, including Ontario, the premier of which at that time was my hon. friend, to care for those between the ages of 65 and 69, on an equal basis with the provinces. Surely it is not news to the Leader of the Opposition that that proposal has been implemented, that it is now the law of the land and is on the statute books of this country. The result is that we are providing old age assistance on a 50-50 basis with the provinces. In 1945 the proposals set the amount at $30 per month. We have gone one better, because we are paying old age assistance now in the amount of $40 per month.

Mr. Fleming: You mean 50 per cent, do you not?

Mr. Martin: In 1945 we proposed—

Mr. Fleming: Surely the minister is not suggesting that the federal government is paying all that.

Mr. Martin: I did not suggest that.

Mr. Fleming: You said, "We are paying".

Mr. Martin: I said the federal government had recommended a policy, as a result of which the Canadian taxpayer was making contributions for the maintenance of those classes in our communities which we, as a government and as a parliament, believed desirable. That is what I said.

Mr. Fleming: You said, "We are paying".

Mr. Pickersgill: "We" is plural.

Mr. Martin: Now let us go to the question of blindness allowances. There was a proposal for blindness allowances in 1945. Not

only has that proposal been implemented, it has been increased. Not only have the allowances been increased, but important amendments have been introduced. First of all we lowered the qualifying age for blindness allowance from 40 to 21, and this very session there stands in my name a bill to reduce the age from 21 to 18 and to increase the income ceilings for the blind. In that particular, we have implemented a proposal which was part of a package deal made in 1945 and which, for the reasons I have mentioned, was not carried out.

A disability pension was suggested in 1945, and we now have on the statute books of our country, notwithstanding our failure to get full agreement from all the provinces in 1945, a scheme to provide for disability allowances in co-operation with the provinces. There again we have implemented a proposal made in 1945.

Mr. Fleming: Ontario had it before you did.

Mr. Martin: Unemployment insurance was not one of the proposals made because of the fact that it had come into being in the early days of the war. The fact is, however, Mr. Speaker, that there was much discussion about unemployment insurance and health and welfare, at the 1945 conference There are the amendments to the Unemployment Insurance Act that were introduced two and a half years ago, and the amendments now being introduced by my colleague the Minister of Labour (Mr. Gregg). These accomplishments support the stand taken by Mr. Claxton, then minister of national health and welfare, at the 1945 conference that the federal government proposed to make certain refinements in and additions to that particular kind of legislation.

I find that in addition, grants have been made for water conservation projects that were proposed in 1945. There have been agreements for assistance in forestry programs, and for a joint project to counter the infestation of spruce budworm in New Brunswick forests. These are grants that were proposed in 1945, and which it is suggested in this debate today have been abandoned or are not being implemented.

So, Mr. Speaker, beyond any doubt I was justified when I rose in my place during the speech of the Leader of the Opposition and asked him whether it was not a fact that in the field of health and welfare over two-thirds of the proposals made by the federal government had been implemented. I say, therefore, that this government deserves at the hands of the country, as it has received at the hands of the country, commendation for its determination to bring forward and implement these very difficult proposals, in spite of the fact that the government was not able to get simultaneously the kind of arrangements with certain provinces which would have made these things financially possible. It is to the credit of this government's responsible concept of social reform that it has been able to bring in these measures, in the way it did, in the face of our existing difficulties, in the face of the fact that we were then spending over $250 million on family allowances and will spend close to $360 million this year.

I stand fearlessly before the Leader of the Opposition, Mr. Speaker, and ask this question. Will he not admit that no other government, no other political party in our country, except the C.C.F., in the face of the obligations of the government during the last decade, has demonstrated by its program that it would be willing to inaugurate those bold undertakings? I have excluded the C.C.F.—

Mr. Drew: I assume, Mr. Speaker, that I have been asked a question. I say most definitely that this government is not the only government that would have done it, and that they have been simply following the progress of social development that has been supported by all parties. Any suggestion that we opposed any of those measures is false, and has nothing to do with the statement I made.

Mr. Martin: I would certainly be lacking in natural understanding if I did not anticipate the kind of answer the Leader of the Opposition has made. But I do not want to take the time this afternoon, when our feelings are at their best, to remind him that there are certain great social measures now on the statute books which not only his party but he himself vigorously opposed.

Mr. Drew: That statement is not true.

Mr. McIlraith: It is true.

Mr. Martin: I have excluded the C.C.F., Mr. Speaker. I have done so deliberately because I believe that the C.C.F., having no expectancy of ever sitting on this side, have decided that the wise thing for them to do is to put forward all sorts of proposals, no matter how cockeyed.

Mr. Knowles: But you like them; you have stolen some of them.

Mr. Martin: Mr. Speaker, I hold in my hand the verbatim report of the plenary discussions of the 1945 conference. I am now looking at page 569, and I am going to quote the words of the Leader of the Opposition. I quote them because of his last observation. I think they indicate clearly that the Leader of the Opposition, notwithstanding what may

be his feelings now, in 1945 was not too enthusiastic about the proposals in the field of health and welfare, particularly welfare, put forward by the federal government. Here is what my hon. friend said. I have no doubt that when he speaks on some other occasion he will be able to offer an explanation, but in the absence of that explanation I can only take his words to mean what they clearly imply. Here is what he said:

> But since we are now discussing this point may I urge, with the utmost earnestness and the utmost vigour, that no commitments be made, and that no further promises be given to the public such as we have had, even in these past few months—commitments which dazzle new visions in front of the public, and create new appetites which are extremely costly to satisfy; and particularly that no new promises be made lightly by any dominion cabinet minister in regard to those fields which are in fact fields of provincial jurisdiction.

Of course that would cover old age security, old age assistance, blindness allowances, health grants, and so on.

Mr. Sinclair: Health, cancer.

Mr. Martin: May I finish the quotation? This took place in the plenary discussions of the conference of 1945, when my hon. friend was not honouring this house with attendance here because he was a member of another house. He went on to say:

> I refer particularly to the field of social services which, at the instance of the Prime Minister of Canada himself, was declared by the privy council to be the field of jurisdiction of the provincial governments. It may be possible that the hundreds of millions of dollars to which the dominion government has already committed itself in these fields must stand as commitments. But certainly future conferences, as well as this one, would be greatly aided if the advisability of consultation in advance before new commitments are made, either in joint dominion-provincial activities, and particularly in the provincial field, was carefully considered.
>
> I think right now we would proceed very much more quickly to agreement if some of these very general and still undefined proposals which are to be financed by a separate method of financing were to be kept on another basis of discussion until we had settled the basic agreement. I refer to that because of the suggestion made more than once that all these things must be considered as an integrated whole.

That was our very point; they must all be considered as an integrated whole. The Leader of the Opposition concluded in this way:

> By all means let us consider every subject which has now been discussed; and as I said yesterday, in considering those other subjects not included in the matters we are now discussing, let us always be sure that the public knows that they are to be financed by an additional income tax and poll tax.

These words clearly imply that at that time my hon. friend did not like the proposals which I now say have to such a great extent already been implemented and placed upon the statute books of this country, thanks to the initiative of this government.

Mr. Fleming: No.

Mr. Drew: Mr. Speaker, as a matter of privilege what has been read is in the record and is not open to the interpretation placed on it by the Minister of National Health and Welfare. The words speak for themselves, and they clearly indicate my support of the principle of the proposals and an attempt to reach agreement, which the dominion government made impossible.

Mr. Sinclair: Black is white and white is black.

Mr. Martin: This is only one of the rare occasions, then, when the Leader of the Opposition and I disagree.

In conclusion I want to say simply this. In 1945, faced with the situation that attended the conclusion of the war, with no knowledge of the increasing burdens that international commitments would impose on the government of Canada, we did make, as the Prime Minister suggested last Friday, certain proposals to the provinces, some of which, in the light of changed conditions, may require another look. But in spite of that, my effort today has been to show that notwithstanding modifications which any responsible man will find it necessary to apply to some proposals, viewed in their entire context, the fact is that with the exception of the development of the physical fitness and the health insurance program, and the timing feature of the public investment grants to the provinces, they have been implemented. Therefore no one, including the hon. member for Eglinton, whose speech I missed yesterday—and I am sure I missed something—and the Leader of the Opposition, will in the future be justified in saying they have not been implemented, because the record is clear.

Mr. Fleming: Oh, oh!

Mr. Martin: My hon. friend may laugh, but there is one thing he cannot laugh at and that is the facts.

Mr. Fleming: May I ask the minister a question? When is the minister coming to that portion of the 1945 proposals relating to health insurance, which was repeated in 1953, and was part of the proposals which were buried by the Prime Minister last Friday?

Mr. Martin: My hon. friend knows perfectly well that the Prime Minister—sometimes it is an asset and sometimes I think it is a liability—has the quality of not wanting to bury anything. He does not refrain from disclosing everything. So when the hon. member

says he was trying to bury something last Friday, the only thing I know that he was trying to bury was the Tory party. There are some people who suggest that the Prime Minister is not aware of the fact that the Tory party has been buried already.

Mr. Drew: Do I take it from what the minister has said that the speech of the Prime Minister was entirely a political speech and not intended to be taken seriously?

Mr. Martin: Was the Prime Minister's speech political? I hope it was. Have we reached the stage where it is a wrong thing in this House of Commons to make a political speech?

Mr. Fleming: Evidently not at this moment.

Mr. Martin: Then as to the question my hon. friend has asked, my hon. friend knows that question is of another order. My hon. friend knows that the answer to that question depends upon authorities outside of this house. I refer my hon. friend to what the Prime Minister of Canada said on that subject, and which represented the policy of the government of Canada, on July 9, 1953. I read this into the record of this house on June 19 last, but as it is such a good statement my colleague the Minister of Finance suggests that it would bear repetition. The Prime Minister said:

> The ninth subject I wish to refer to is health insurance and social security generally. The Liberal party is committed to support a policy of contributory health insurance to be administered by the provinces.

Mr. Knowles: And has been since 1919.

Mr. Martin: There is the voice from Assiniboia.

Mr. Argue: Wrong again.

Mr. Knowles: It is a good riding, but it does not happen to be mine.

Mr. Martin: I continue with what the Prime Minister said:

> But, under our federal system, to get health insurance started the people and the government of the various provinces have to take the initiative in working out plans adapted to local conditions.
>
> We are ready to assist in a sensible and practical nation-wide scheme, but that depends on satisfactory agreements with the provincial governments.
>
> I am more convinced than ever that this is a field which should, as far as practicable, be left to provincial administration. Conditions differ vastly from one province to another, and services which are suitable for one region are quite unsuitable to another. We now have had a great deal of experience with health schemes of all kinds in this country, including full-fledged hospital insurance in two of our provinces.
>
> But I do not think it would be fair to the taxpayers of Canada in all the provinces to make federal contributions to provincial schemes in only one or two provinces. Federal contributions should be regarded as a supplement and an evener-out when most of the provinces are prepared to undertake satisfactory schemes.
>
> And it is Liberal policy to go on improving federal health grants which have done so much to place all the provinces in a better position to discharge their primary responsibility in this important field.
>
> Health insurance is one aspect of the over-all social security program which the Liberal party set out to realize after the war. From time to time improvements will be needed in it and in our veterans' charter. And under a Liberal government they will be improved when circumstances warrant and the resources are available.

I verily believe that only under a Liberal government can we look for further and responsible measures of reform.

Mr. Fleming: Mr. Speaker, may I ask the minister to answer the question I put to him, which apparently he has overlooked. Are the 1945 proposals of the federal government in relation to health insurance among those which were—whichever way you wish to put it—withdrawn or buried or scuttled by the Prime Minister last Friday?

Mr. Martin: My hon. friend and I were classmates, and I have a high appreciation of his intelligence. I know perfectly well that his question is not intended to elicit information which he already possesses, but rather to embarrass me; and that he cannot do. In any event, our policy on health insurance is contained in the Prime Minister's statement which I have just read.

Mr. Fleming: Whatever may be the effect on the minister, will he answer the question?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, after the masterly refutation to which we have just listened it would be certainly an act of supererogation on my part if I should attempt to further pulverize the remnants of the argument of the Leader of the Opposition. But one point was raised by the hon. gentleman to which I must reply as a matter of personal privilege, because as he developed it, it was almost a reflection upon my veracity. I refer to the statements which he has imputed to me concerning the responsibility for the breakdown of the dominion-provincial conference of 1945, and those parts of the *Hansard* of this 1945 conference which he placed on the record in support of his argument on this point today.

I do not like doing this, because it is the first occasion upon which I have had to take issue with my hon. friend since he returned to the house. Like all other hon. members I am as delighted as I can be to see him back again, not lacking in all his former vehemence and vigour. But as was said by one hon. member of the house, the public may take their choice. The Leader of the Opposition placed some material on the record, and

I should like also to place some on the record and then leave the members of this house and the public of Canada to judge which is the more satisfactory account of the breakdown of that conference.

What I have said is this. I have said that the conference broke up because after nine months of negotiation Quebec would set no rental whatever to the tax fields, and Ontario demanded rentals which were $50 million more than the total of all the prewar provincial revenues from all sources.

Mr. Rowe: When did you say that?

Mr. Drew: The minister did not say that today.

Mr. Garson: I said that in this house.

Mr. Pouliot: *Mortuus adhuc loquitur.*

Mr. Drew: I just want to have the record quite clear. The minister made no such reference to any such statement in the remarks to which my remarks referred.

Mr. Garson: In order to understand the material which my hon. friend has placed on the record and that which I shall now place on the record in reply it is necessary to recall that the conference was convened in August, 1945. On the very day it opened it was presented with what has been referred to as the green book proposals, which were a very complete statement of the program the federal government was submitting to the provinces as one entire, integrated proposal.

It was debated on that occasion for five days, and then arrangements were made for the technical officers of the provincial and dominion governments to confer in the interval, and the plenary conference again met in January, 1946. As might be expected, several of the provinces took at least bargaining exceptions to the first case which had been presented by the federal government, and made demands for a number of further concessions.

The dominion government made two major concessions to the provinces which they took under consideration in the interval between January, 1946, and the reconvening of the plenary conference in April, 1946. It was apparent when we met again in April that at least seven of the provinces would accept these concessions which had been made by the federal government and that, so far as they were concerned, agreements would be possible. It was at that stage that the province of Ontario presented for the first time, in all these discussions extending over all this period of some eight or nine months, a new proposal or formula and I think I should put this proposal on the record.

Mr. Drew: Mr. Speaker, I must rise on a question of privilege. That is not correct. Ontario had put forward very comprehensive proposals which were on record in January of 1946. The minister has referred to the January meeting as a plenary meeting. That is not so. It was a meeting of the coordinating committee which at that time brought together the proposals which had been made by all the provinces. These extensive proposals, which became the subject matter of considerable discussion then and to which he is now referring, are a further development of one aspect of those proposals.

Mr. Garson: Mr. Speaker, my hon. friend is quite right in what he has said, but I thought I had clearly indicated that as a result of the proposals which had been put forward by the provinces including, as he correctly states, Ontario, the dominion government had made further concessions. He will not say, I am sure, because it is not a fact, that this new proposal or formula that he presented for the first time in the home stretch of these negotiations in April had been previously put forward at any time.

I welcome his interruption, because it makes clear that the province of Ontario had plenty of opportunity to consider the matter. I think in fairness to the other governments, both provincial and federal, it might be that this formula might more properly have been put forward in January, along with the other material which the Leader of the Opposition states they filed in January, 1946. But they did not put it forward then; they put it forward on April 29 in the closing days of the conference. This was the proposal:

> In presenting this formula the Ontario government submits that until the balancing factors are determined by way of principle the basic figure cannot be settled with any arithmetical accuracy.
>
> There would be a determined minimum per capita payment which, for convenience, can now be described as "X". The total annual rental to be paid by the dominion government to each province will be "X" dollars multiplied by the gross national production per capita for the year before the payment, divided by the gross national production per capita for the year 1941, multiplied by the population of the province for the year preceding the rental payment, or the minimum actual payment of "X" dollars multiplied by the population

of the year preceding payment or of 1941 whichever is the greater. This may be set out in the following algebraic form with the preceding year being referred to as 194*y*:

$$\frac{\text{G.N.P. per capita } 194y}{\text{"X" } \times \text{ G.N.P. per capita 1941}} \times 194y \text{ population}$$

subject to a minimum payment.

"X" × 194*y* population or "X" × 1941 population } whichever shall be greater

One can understand that when a proposition with some degree of algebraic obscurity, such as this, was submitted to the conference in its closing days, it was necessary at that late stage to make a calculation of the additional amount actually involved in dollars over and above all previous claims of the province of Ontario, to be paid by the federal government to that province. When the assistants of the Right Hon. Mr. Ilsley, then minister of finance, made an estimate, they figured that at a very minimum this would represent an additional expenditure of $134 million, that it would likely rise to a much larger figure and that, as I said before, it would amount to $50 million more than all the pre-war provincial revenues from all sources, including all dominion subsidies.

Mr. Drew: Mr. Ilsley had no difficulty in working out the formula?

Mr. Garson: No. My hon. friend the Leader of the Opposition at that time challenged the accuracy of the figures I have quoted and said they were nonsense. But if I remember rightly—he can correct me if I am wrong in my recollection—I do not believe he at any time ever submitted any actual figures of his own.

Mr. Drew: The minister has asked me to correct him. The minister is well aware that in the discussion that took place at that time the dominion government did not have the facts, as it did not have them last week. We are still trying to get the facts, and that was the reason for the algebraic formula.

Mr. Garson: My hon. friend has made his interjection. I shall deal with it in about three minutes when I come to that point of my argument. I shall deal with it not in terms of one who may have a Liberal bias, as my hon. friend has a Conservative bias, but in terms of competent persons who had no bias in this matter whatsoever. At that time the hon. Leader of the Opposition, as the then premier of Ontario, made this statement concerning this new formula of his. He said:

> The government of Ontario has gone the very limit in making agreement possible, and when I say that it has gone the very limit I mean that it is prepared to make adjustments in detail, but not adjustments in principle or adjustments in regard to the net overriding amount which it receives.

I said in this house in February 1949, on other occasions, and I repeat now, that in my opinion the conference broke up after nine months of negotiation because at that stage Quebec would set no rental whatsoever and because Ontario was demanding rentals which were $50 million more than the entire amount of all pre-war provincial revenues from all sources.

Mr. Drew: Might I ask the minister, for my information, from what he is reading?

Mr. Garson: I am reading from my own speech of February, 1949, which my hon. friend was attempting to quote and which he quoted inaccurately.

Mr. Drew: I made no reference to that. Mr. Speaker, on a point of order, I made no reference to the contents of any speech at all, and the minister knows it full well.

Mr. Garson: My hon. friend was imputing arguments to me today which I have not made. I am citing this last argument which I made then and which I have made at intervening times, and which I make today and still stand by.

Now, I know that no great purpose is served by post mortems of this sort in regard to a conference which is now some 10 years old. What we should be concerned with, and what we in this government are certainly concerned with, is what we are going to do about reaching a new agreement with the provinces now to meet the needs of 1955. But I think, when a leader of the opposition gets up and in fairly clear language challenges my good faith and my veracity in making this interpretation, that perhaps it might serve the truth if I were to cite, not the views of any Canadian politician nor those of a Canadian, nor those of an amateur or person inexperienced in this field of dominion-provincial relations, but rather the views of two men of wide reputation. One of these men was sent here by his government in Australia, where they have the same kind of problem as we have—the problem of the relations between the federal government and the state governments—to study these proposals which were made by the federal government to the provinces of this country at this 1945 conference, in order to see if he could find in them any material which would be of service in Australia in arriving at wise decisions there in relation to the same kind of problems which they have. This man had

no conceivable prejudice whatsoever concerning these Canadian matters. What did he say of them in writing? He said this:

The premiers' conference resumed on April 29, 1946, but owing to the uncompromising attitude of the premier of Ontario, Hon. G. A. Drew, and the impossible attitude of the premier of Quebec, Hon. M. L. Duplessis, who did no more than reiterate time and again that the British North America Act, 1867, was sacrosanct, the conference broke up.

Mr. Drew: He must have obtained his information from the minister.

Mr. Fleming: That statement read by the minister is completely untrue on the face of it. It did not break up. It adjourned *sine die*.

Mr. Rowe: That shows that he did not know any more about it than the minister.

Mr. Garson: My hon. friends do not like these statements.

Mr. Fleming: Can the minister not find a supporting Canadian statement?

Mr. Garson: But my hon. friends cannot challenge them. They endeavour to laugh them off, but these are statements made by the best experts in these fields, who have no prejudice or bias.

Mr. Fleming: Can the minister not find any supporting Canadian statement?

Mr. Drew: May I ask this question—

Mr. Pickersgill: Are you in favour of Canadian babies?

Mr. Fleming: I think the minister has just made another babyish remark.

Mr. Drew: For my own information, may I ask the minister, first, what is the date of his own speech from which he is reading, and second, whether the person whom he is quoting got all this reliable information from the minister's department?

Mr. Sinclair: That is a weak defence.

Mr. Garson: I thought my hon. friend's memory was better than he has just demonstrated. My own department at that time was in the government of the province of Manitoba.

Mr. Drew: That is what I mean.

Mr. Garson: Oh, no.

Mr. Drew: That is exactly what I mean; because the minister was making some extremely inaccurate speeches then.

Mr. Garson: Oh, no. This is an expression of opinion by an expert sent here by the Australian government.

Mr. Drew: This is the man from Australia, is it?

[Mr. Garson.]

Mr. Rowe: The man from Missouri.

Mr. Garson: My hon. friend refers to having spoken to him. He spoke to me.

Mr. Drew: Who is the man from Australia?

Mr. Garson: The man from Australia is Mr. K. J. Binns. He said, but not in writing, that the generosity of the federal government's offer was only exceeded by the stupidity of those who turned it down.

There is another authority in this field, the mere mention of whose name will at once identify him as a competent expert. I refer to Professor J. A. Maxwell of Clark University in the United States, who is an outstanding authority on dominion-provincial relations. At page 15 of his paper entitled "Recent Developments in Dominion-Provincial Fiscal Relations in Canada", he says this:

On April 29, 1946, the conference reassembled at Ottawa to consider revised proposals. After reviewing the two major concessions which the dominion government had made up to that time, it was then apparent that the key to agreement was in the hands of Ontario and Quebec. Except for minor qualifications, the seven other provinces would accept the revised proposals. The attitude of Quebec was enigmatic although the generalizations of Premier Duplessis were such as to connote the impossibility of agreement . . . Premier Drew was more specific in his demands for Ontario . . . A rough reckoning indicated that acceptance of the Ontario proposals would add at least $134 million a year, possibly $234 million, beyond what the federal government had set as its maximum concession.

And listen to this:

On this rock the conference foundered on May 3. So large a difference, after negotiations extending over nine months, seemed impossible to bridge.

That, Mr. Speaker, is my answer to the Leader of the Opposition.

Mr. Drew: It is a poor one.

Mr. Fleming: Those two men were certainly taken in when they came here.

Mr. Rowe: Are there any more cabinet ministers to speak today?

Mr. Sinclair: Independent authority; that is what you want.

Mr. Fleming: What about some Canadian opinion?

Mr. H. R. Argue (Assiniboia): Mr. Speaker, our nation is in the midst of an extremely severe economic recession. Interesting as it may be to the members of this house, I suggest that this threshing of old straw this afternoon is making little contribution toward solving the main important problems that face our Canadian nation. I am sure the Minister of National Health and Welfare, the Minister of Justice, and the Leader of the Opposition were all in fine debating form

this afternoon. I am sure we all greatly enjoyed the exchanges which took place.

I think the Minister of National Health and Welfare made an interesting and informative contribution. I was pleased to have placed on record the amounts of the various grants for health purposes that this government is now making. But if the government takes this much pleasure in making the grants that are now being made—they are something in the neighbourhood of $30 million or $31 million—how much happier would the government be, as well as the members of the C.C.F., if the government implemented its full health proposals made to the dominion-provincial conference in 1945, and provided health insurance now?

I remind the Minister of National Health and Welfare that the proposals made to the dominion-provincial conference in 1945 were of the order of $150 million annually from the federal treasury. The relatively small amounts now paid in health grants generally show how far short the federal government has fallen of fulfilment of the commitment it made in 1945 with regard to the field of health insurance. The Minister of National Health and Welfare and the government, I suggest, would be making a much more important contribution to this debate if the federal government were prepared to implement national health insurance immediately. A review of things that have happened in the past is all very interesting, but the people of Canada would like health insurance, and they would like it now.

The Minister of National Health and Welfare pointed out that at the dominion-provincial conference the federal government proposed that an old age pension of $30 a month be paid to all persons over the age of 70 without a means test, and to persons between the ages of 65 and 69 on the basis of a means test. He went on to say that this proposal had been implemented and that the amount now, instead of being $30, was $40. On the basis of the purchasing power of the $30 when the proposal was made in 1945, I suggest that the government should double that amount immediately by bringing the old age pension up to $60 a month. While the $40 a month figure is nominally more than the $30 a month proposed in 1945, it is still far less in actual purchasing power.

Interesting as were the speeches delivered by the Minister of National Health and Welfare and the Minister of Justice, I believe the Prime Minister (Mr. St. Laurent) himself should enter this debate and tell parliament and the people of Canada how the government intends to deal with the problem of unemployment. What does the government intend to do about the 600,000 Canadians who are unemployed? We had a debate on unemployment that went on day after day. The Prime Minister sat it out, and he is sitting out this debate too. He sat out the dominion-provincial conference, so far as making concrete proposals to put the unemployed to work was concerned. Instead of a full employment policy the government proposes relief. I suggest relief is not what the unemployed want. It is surely a reflection on Canada that a nation with all the opportunities we have is faced at this time with a situation where 600,000 are unemployed.

I say that in the field of full employment no other government anywhere in the free world today has such a dismal record of failure as has the present government of this nation. The Minister of National Health and Welfare said that the recent conference with the provinces took place in a spirit of co-operation and constructive effort, but I am afraid that to the people of Canada the conference, in the words of the Saskatchewan provincial treasurer, was a grand flop. It was a failure. It was barren. Nothing came from the conference to deal with the tremendous problem of the unemployed. I suggest that one of the main things that should be done is for the government to undertake immediately, in addition to a public works program, a program of farm support prices, and legislation that will stop the continuing drop in farm income. I believe the agricultural industry is of great importance to our nation, and that a prosperous agriculture would go far toward solving the present unemployment situation.

This is the budget debate. Many comments have been made on the budget. It was pointed out very effectively yesterday by the hon. member for Winnipeg North Centre (Mr. Knowles) just how little was in the budget by way of tax reduction for the average Canadian, the ordinary farmer or workingman. He placed a table on the record indicating what a large sum of money was provided by way of tax reduction for the higher income groups. The hon. member pointed out that for a man earning $3,000 there is a tax reduction of $14 in a full year, but for the man with a taxable income of $50,000 there is a tax reduction of $954 in a full year. A married workingman with an income of $2,000 paid an initial income tax rate of 15 per cent in 1954, apart from the old age security tax of 2 per cent. Even with the reductions in the budget, even apart from the social security tax, the starting point will be 13 per cent for a married man who earns $2,000 a year or over.

I believe I can prove that an extremely wealthy person who receives a tremendous income annually from investments in Canadian corporations pays income tax at a lower rate than is paid by the ordinary married man on income earned over $2,000. Let us assume this person is a millionaire, that he has $1 million invested in the shares of Canadian companies. Let us assume the dividend rate is 5 per cent. Therefore his annual income from his $1 million by way of dividends is $50,000. Let us assume that the capital appreciation of his investment is also 5 per cent and that his income, if he wishes to turn his capital appreciation into income, is increased by another $50,000.

I suggest that over the years since the end of the war capital appreciation on most investments in corporations has been the order of the day. The income of $50,000 from capital appreciation is tax free; there is no tax whatever. The amount of tax on the $50,000 dividend income is $20,720. To this must be added a surtax of 4 per cent on investment income over $2,400, which brings the total tax to $22,624. But this man has a tax credit of 20 per cent of his total dividend income, or $10,000. Consequently he pays a tax of only $12,624 or, in other words, a rate of tax under 13 per cent.

Let us also assume further that this man's investments are in Canadian mining companies. He then is given a further tax credit. If the companies in which he has his investments receive 75 per cent or more of their profits from mining he has an additional tax credit through the exemption of 20 per cent of his income. I will not go through the arithmetic, but in that case the total tax the millionaire will pay on an income of $50,000 by way of capital appreciation and $50,000 by way of dividends from investments in mining companies will amount to the small sum of $8,974, or a rate of about 9 per cent. But the man who works, sweats and does the producing in the mines far below the surface of the earth pays on his first portion of taxable income, apart from the social security tax, a rate of 13 per cent after all deductions. That proves conclusively that this is a millionaire's budget.

One hears it suggested in this house that our corporations are faced with a heavy burden of federal taxes, and that this tax burden is a crushing load. I should like to refer to a statement made by Mr. H. DeWitt Smith, national president of the American institute of metallurgical engineers, as reported in the *Globe and Mail* of April 19, 1955. The statement reads in part as follows:

> . . . Canada "offers inducements in its taxation policy on profits of mining companies and on dividends paid resident shareholders more liberal than any other great mineral producers in the world. Its new corporation income tax rate of 47 per cent on net taxable profits is reduced 33⅓ per cent in the case of metal mines and industrial metal deposits" . . .

He goes on to point out that new mines pay no tax at all in the first three and a half years of operation. He points out that allowances to Canadian residents on dividends and royalties paid by mineral properties may run as high as 20 per cent. He points out further that there is no capital gains tax in Canada. He concludes by saying:

> It is hard to conceive how the Canadian government could be more helpful to the mining industry . . .

In other words, if you are a millionaire receiving large sums of money from investments, you pay a very small tax. But if you are a farmer, industrial worker, an ordinary Canadian, you pay a very high rate of tax on the income you have had to earn by manual labour. The C.C.F. believe that the government should get more of its revenue through a larger tax on corporations, a larger tax on unearned income, and should accordingly reduce its taxes on the ordinary people of this country.

All businesses are not faring so well as the mining industry under this budget. I refer to automobile dealers. I believe they are fully justified in asking that they be not penalized by the tax reduction on any new automobiles they may have had on hand when the budget was introduced. An answer given to me the other day, on the basis of a question placed on the order paper, suggests that dealers should not have to pay the tax in that the tax is collectable when the automobile is sold to the purchaser. I hope the government will clear this matter up, and will lift this great and unfair burden from our automobile dealers.

I have said that one of the main things the government should do as part of a program to get Canada out of the current deep recession is to adopt a far-reaching agricultural program. I believe the main and first clause in such a farmers' bill of rights must be full parity prices for the products of family farms of this nation. The C.C.F. believe that the farmers of Canada are entitled to parity prices. This is not a new program that we have adopted. We have passed resolutions at every national convention our party has held, advocating and supporting the concept of parity prices.

I want to point out to the members of this house that today the organized farmers of Canada are giving more and more support to parity prices. But I think I can prove that the C.C.F. is the only group in this house, and the only political party in Canada, that

supports full parity prices for agriculture. The record of the Liberal government on parity prices is quite clear. The government has very few support prices of any kind, and they are ridiculously low. They have resulted in near bankruptcy for many farmers. The floor price of 38 cents a dozen on eggs, for example, is inoperative and too low. The floor price for hogs does not give the farmer an adequate support price. Even the price for grains—and this is not the fault of the wheat board—is too low and should be supported at higher levels.

From time to time the C.C.F. has supported parity in this house by motions asking that parity prices be implemented. The Conservative party does not believe in parity prices. Last year the C.C.F. moved a motion asking for parity prices for hogs and cattle. It was moved by the hon. member for Mackenzie (Mr. Nicholson) and is recorded on page 4797 of *Hansard* for May 17, 1954. When the vote was taken the members of the Conservative party voted against the motion. In his opening speech this session the leader of the Social Credit party had some remarks to make about parity prices. He said that his party was in favour of flexible parity prices, in other words prices that were only a percentage of parity and which did not give the farmer the full equitable treatment he deserves.

In case the hon. member may think I am misrepresenting what he said, I shall quote his exact words as reported on page 47 of *Hansard* for January 10, 1955:

> There is a very good case that can be made in favour of the adoption of such a flexible system here in Canada, the percentage of parity that is used of course to depend upon the amount of incentive which ought to be provided to achieve the amount of production that is required to meet the need.

The C.C.F. party does not agree with that stand. We think agriculture is entitled to full parity prices.

Mr. Quelch: Parity with what?

Mr. Argue: I shall explain that. I would suggest the basis of parity, 1925-1929, as advanced by the Canadian Federation of Agriculture, as the most suitable base. In the past when C.C.F. members have advanced the concept of parity prices, such large western newspapers as the Winnipeg *Free Press* and the Regina *Leader-Post* have come out with cartoons and editorials criticizing this concept of parity prices. These newspapers, which go into the main agricultural areas surrounding the two cities in which they are published, do not believe in, and in fact oppose adequate support prices. They believe in low stop-loss support prices, if indeed they believe in support prices at all. I believe those newspapers would be doing a service to the provinces in which they are located if they changed their policy and began supporting the agricultural industry on which their circulation depends.

I hope they will not continue to suggest that parity prices themselves cause huge surpluses of food. We read in the press that parity prices in the United States or some other country are causing huge surpluses of food. I suggest that the huge surpluses of food that may exist are not brought about by high support prices but because steps have not been taken to see that these food surpluses are made available to people who could consume them. In other words the difficulty should be corrected by improvement in the demand rather than by lowering prices in the belief that farm production may be reduced.

The history of agriculture shows that any time the prices of agricultural products generally are reduced, production goes up. If the government reduced what is a good support price, in my opinion, on butter, the production of butter in all probability would go up. Farmers endeavouring to protect their income would milk more cows and ship more cream. By increasing production they would hope to maintain the same monthly or yearly income.

It will be no service to any nation for its government to reduce prices of agricultural products in the hope of reducing production, if by so doing it cripples agriculture and causes widespread difficulty in the economy generally. The C.C.F. therefore at this time is stating its support for parity prices for products produced on the Canadian family farm. I repeat, that is the first clause that should be placed in a bill of rights for Canadian agriculture.

The second clause, I suggest, should be one that calls for national marketing boards to provide, at the producers' request, stability in the assembly, processing and marketing of the main agricultural products.

Clause 3 would establish a board of livestock commissioners to provide scientific grading standards to protect the farmers' interests in the market.

Clause 4 would be support of international commodity agreements and the continuation of the international wheat agreement. We in the C.C.F. have always supported international commodity agreements. We hope they can be extended in the future.

Clause 5 would be support for an international food pool. Instead of each nation attempting to get rid of its surplus on a unilateral basis, we believe it is preferable

for nations with exportable surpluses to co-operate in establishing an international food pool, and from that food pool distribute the surplus food to needy nations. The Canadian government record on this issue at the United Nations is very dismal. The government has failed to support—as a matter of fact, has criticized and opposed—attempts to establish such an international food pool.

Clause 6. As a method to get rid of at least part of any surplus agricultural products which might arise, such as a surplus of butter, I suggest that Canadian food consumption should be increased by a free school lunch program and free food for institutions. The Canadian Federation of Agriculture, in a very excellent brief presented to the cabinet this year, strongly supported the idea of a free school lunch program in Canada, and pointed out that Canadian children do not drink sufficient milk. Nutrition standards for Canadian children would be improved by a free school lunch program.

Clause 7 would be the provision of surplus food to underdeveloped countries without charge or in exchange for local currency, for famine prevention and for a free school lunch program. I suggest that in such a program democracy has a powerful weapon to meet the threat of communism in many backward nations. I believe that as a democratic nation we should adopt a generous program of making food available to underdeveloped countries in order to prevent widespread famine, and also as part of a school lunch program that will of itself assist in improving educational standards.

Clause 8. Increased payments under the Prairie Farm Assistance Act, and extension of the act, which provides a measure of income protection in time of crop failure, to all provinces of Canada, and the provision of a crop insurance scheme in areas where such a scheme could be suitably provided. I suggest that such an area might be a fruit-growing area, a tobacco-growing area, or some other area where concentration is largely on a single commodity or a single group of commodities.

Clause 9. Extension of the Prairie Farm Rehabilitation Act to all parts of Canada, making it a comprehensive program of soil and water conservation. The hon. member for Kootenay West (Mr. Herridge) almost every year now for a number of years has moved a motion asking for a soil and water conservation program for all Canada. I suggest that by a wide extension of the area of application of the benefits of the Prairie Farm Rehabilitation Act, this very laudable objective might be achieved.

[Mr. Argue.]

Clause 10 in the suggested farmers' bill of rights would be accelerated agricultural research. The benefits that could be derived from that are obvious. As one example only, I mention the benefits that will be derived this year from the use of the new rust-resistant variety of Selkirk wheat.

Clause 11. Assistance to the co-operative movement. This government at best takes a neutral attitude toward co-operatives, or in fact hinders the growth of co-operatives through taxation. We in the C.C.F. believe the government should take an active part in the promotion and the extension of co-operatives.

Clause 12. Low-cost credit should be provided for farm and home improvements. I suggest the interest rate charged under the present Farm Improvement Loans Act is too high and should be reduced.

Clause 13. Restoration of the farmer's right to deliver grain to the elevator of his choice; in other words, a fair and equitable distribution of box cars based on the farmer's choice.

Clause 14. Voluntary revocable check-off of farm union dues. We of the C.C.F. think it is a reasonable request; we think the government should grant it as a method of supporting our important farm organizations. I might point out that the labour unions have such a check-off, and what the check-off has done to benefit the labour unions I am sure it would do to benefit the farm unions.

Clause 15. Restoration of freight assistance on feed grain. We do not like the government's gradual removal of freight assistance on feed grain. We should like to see it restored immediately.

Clause 16. Continuation of the Crowsnest pass rates on grain. The Crowsnest pass rates are of extreme importance to western agriculture. The C.C.F. stands unalterably opposed to any tampering with the Crowsnest pass rates.

Clause 17. The immediate construction of the South Saskatchewan dam. The attitude of the Prime Minister toward the South Saskatchewan dam is almost incomprehensible. It took months of negotiation by the premier of Saskatchewan to get so much as a meeting with the Prime Minister, and the Prime Minister's answer continues to be no. I think this answer of "no" means discrimination by this government against the prairie farmers and western agriculture.

Clause 18 of the bill of rights would be the marketing of all grain through the Canadian wheat board. We should like to see the Canadian Wheat Board Act extended so that all grain, including flax and rye, shall be marketed through the Canadian wheat board.

Clause 19. Extension of the Canada Grain Act to all parts of Canada so that Canadian feeders may obtain full advantage of western grades on feed grain. I think it is a disgrace that eastern farmers have to put up with the grades that are placed by the handling companies on the feed grains they buy, and I believe an extension of the provisions of the Canada Grain Act would be of real service to agriculture outside the prairie area.

Clause 20. Comprehensive investigation of the tremendous spread between prices paid by the consumer and those paid to the producer. If food prices in Canada at any time are high, I suggest they are not high because the farmer gets too much; they are high because the costs of distribution and of packing are sometimes 10 or 20 times as great as the actual cost of the food contained in the package.

Clause 21. Full investigation into the high prices of farm machinery. I believe the federal government should have granted the request made by the Saskatchewan government that a royal commission inquire into the farm implement industry in an endeavour to bring down the price of farm machinery.

Clause 22. Action to reduce the outrageous prices charged for fertilizer. The fertilizer monopoly has cost agriculture tremendous sums of money, and I believe the government, through assisting co-operatives, could help farmers get into the fertilizer production field so the cost of fertilizer could be reduced.

Clause 23. We believe payment should be made on approved storage whenever there are large surpluses of products that must be held on the farms.

Clause 24. Federal financial assistance for education to our municipalities so that current high taxes on farm and urban real estate may be reduced or at least be prevented from going higher.

Finally, clause 25 of this farmers' bill of rights calls for federal financial assistance for a comprehensive road and highway program including farm to market roads.

In conclusion I suggest that the following are fundamental to any farm bill of rights: Farmers of Canada should be given immediate full parity prices for the production of family farms; there should be a national livestock marketing board and a board of livestock commissioners; there should be support for international commodity agreements and the continuation of the international wheat agreement; there should be support by the Canadian government of an international food pool and increased food consumption in Canada through a free school lunch program and free food for institutions; surplus food should be provided to underdeveloped countries, without charge or in exchange for local currencies, to be used for famine prevention and for free school lunch programs.

The C.C.F. believe that such a bill of rights for agriculture is necessary, not only for the welfare of agriculture itself but as part of a Canadian program to solve present widespread unemployment.

On motion of Mr. Hamilton (York West) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: This might be a good time to announce that we shall continue with this debate tomorrow.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Olga Maikowski Hocaloski.

An act for the relief of Mary Evelyn Martinson Ross.

An act for the relief of Donald Muir Langton.

An act for the relief of Albert Ritchot.

An act for the relief of Annie Esther Vetter Meister.

An act for the relief of Carmen Lister Lees.

An act for the relief of Dawn Elsie Coles Ekers Bowen.

An act for the relief of Marion Murray Redburn.

An act for the relief of Anna Pearl Lingo DesMarais.

An act for the relief of Phyllis Geraldine Brown McLean.

An act for the relief of Eva Lilly Ware Deslauriers.

An act for the relief of Agnes Rose McKiernan Popadick.

An act for the relief of Rosalind Elaine Beinhaker Katz.

An act for the relief of Louis Kenneth Laurin.

An act for the relief of Eva Amelia Richardson Keyton.

An act for the relief of Francois-Xavier Lange.

An act for the relief of Aline Pelland Myre.

An act for the relief of Roscoe Winston Percy Soule.

The Royal Assent

An act for the relief of June Patricia Potter Cashman.

An act for the relief of Paul-Emile Roland Boisclair.

An act for the relief of Kathleen Swanson Butler.

An act for the relief of Freda Lutsky Perzow.

An act for the relief of Susie Earle Young.

An act for the relief of Joseph Willie Walter Stonehouse.

An act for the relief of Alexander Jakobszak.

An act for the relief of Margaret Thomson Kelso Midlick.

An act for the relief of Pansy Joy Cowen Kirby.

An act for the relief of Isabel Taylor Page Kingsley.

An act for the relief of Dorothy Winnifred Patricia Lawson Disken.

An act for the relief of Annie Kofman Liebman.

An act for the relief of Harry Elsworth Allton.

An act for the relief of Desire Cherry Szabo.

An act for the relief of William Edward Shanassy.

An act for the relief of Fernand Seguin.

An act for the relief of Joanna Florence Ritchie Leinonen.

An act for the relief of Joseph Telesphore Origene Dragon.

An act for the relief of Dorothy Katherine Beattie Gunston.

An act for the relief of Ellis Hamilton.

An act for the relief of Joan Shirley Davies Marchand.

An act for the relief of Joseph Leon Gilles D'Avignon.

An act for the relief of Mary Ritchie Fleming Benjamin.

An act for the relief of Doris Wagner Arkin.

An act for the relief of Lena Robitaille Barre.

An act for the relief of Antonio Michetti.

An act for the relief of Joseph Andre Roland Roy.

An act for the relief of Ida Rose Amyot White.

An act for the relief of Anne Gorin Seward.

An act for the relief of George Daniel van der Beek.

An act for the relief of Rhoda Beatrice Cree Denis.

An act for the relief of Roma Gisser Baron.

An act for the relief of Marie-Angeline Delledonne Salotti.

An act for the relief of Mary Black Guthrie.

An act for the relief of Albert Menard.

An act for the relief of Patricia Galley Berger.

An act for the relief of Elizabeth Glencross Marcoux.

An act for the relief of Lorraine Bella Spegel Weisberg.

An act for the relief of Frances Kellerman Rappoport.

An act for the relief of Eleanor Grace Jones Graham.

An act for the relief of Gabrielle Dallaire Boulet.

An act for the relief of Phyllis Elizabeth Warner Collins.

An act for the relief of Margaret Gwendoline Turner Williams.

An act for the relief of Mary Ferguson Wynter.

An act for the relief of Sheila Winnifred Richardson Hiscock.

An act for the relief of Anne Roitman Aronovitch.

An act for the relief of Kathleen Gertrude King Laffin.

An act for the relief of Gardner Hinckley Prescott.

An act for the relief of Ethel Cope Veary.

An act for the relief of Gordon Stewart Norris.

An act for the relief of Lucille Grenier Desjardins.

[Mr. Speaker.]

An act for the relief of Joseph Alexandre Roland Simard.

An act for the relief of Winnifred Blanche Brook McGurk.

An act for the relief of Gitel Shepsel Moscovitch.

An act for the relief of Susan Frosst Cohen.

An act for the relief of Norma Constance Parsons Lindsey.

An act for the relief of Erna Reiter Kastelberger.

An act for the relief of Nickola Bochna, otherwise known as Nicholas Bockan.

An act for the relief of Robert Fraser Callahan.

An act for the relief of Ruth Barsuk Cohen.

An act for the relief of Bernice Noble Comm.

An act for the relief of Francis Ambrose Higgins.

An act for the relief of Elizabeth Coyle Ellis Gibbons.

An act for the relief of Blanche Mary Shurge Labelle.

An act for the relief of Beatrice Teressa Mathewson Connell.

An act for the relief of Joyce Hilda Street Janson.

An act for the relief of Joyce Gertrude Haworth Rawlings.

An act for the relief of Jean Eudes Deschenes.

An act for the relief of Isidore Tremblay.

An act for the relief of Doris Lydia Kimber Keller.

An act for the relief of Letitia MacDonald Lanz.

An act for the relief of Kurth Sauer.

An act for the relief of Marie Blanche Dionne Krysko.

An act for the relief of Edna Florence Helen Dawson Smith.

An act for the relief of Eldora Mary Mills Pope.

An act for the relief of Roberta Margaret Gilpin Chadsey.

An act for the relief of Anne Wahl Ryshpan.

An act for the relief of Marian Toba Wolfe Cohen.

An act for the relief of Bernice Elizabeth Lunan Day.

An act for the relief of Ross Harold Becker.

An act for the relief of Marie Anna Migneault Cloutier.

An act for the relief of Maria Camko Kowalew.

An act for the relief of Martin Yvon Blais.

An act for the relief of Margaret Moffatt Wilkie Johnson.

An act for the relief of Winnifred Herbert Chapman.

An act for the relief of Rocco Aldo Amaedo Mastrocola.

An act for the relief of Marie Mae Seguin Le Moyne.

An act for the relief of Amy Joyce Markham King.

An act for the relief of Maureen Demers Kezber.

An act for the relief of Eva Levine Shapiro.

An act for the relief of Rejane Plamondon Levine.

An act for the relief of Marie Irma Marquette Lalonde.

An act for the relief of Marion Tannenbaum Rabow.

An act for the relief of Walter Williamson.

An act for the relief of Eileen Beatrice Sloan Douglas.

An act for the relief of Madelyn Jane Picard Gilbert.

An act for the relief of George James Marshall.

An act for the relief of Luigi Martellino, otherwise known as Louis Martellino.

An act for the relief of Bernice Balinsky Friedman.

An act for the relief of Rose Marie Lescarbeau Deschenes.

An act for the relief of Florence Aleatha Geraldine Hamilton Gardner.

An act for the relief of Mary Veronica Hamilton Campbell.

An act for the relief of Aba Awner.

An act for the relief of Grace Elizabeth Sinclair Peterkin.

An act for the relief of Sybil Lavine Markowitz.

An act for the relief of Gabriel Boisclair.

An act for the relief of Betty Weiner Schwartz.

An act for the relief of Lili Gourd Lajeunesse.

An act to regulate the exportation of power and fluids and the importation of gas.

An act to incorporate Victoria Insurance Company of Canada.

An act to incorporate Caledonian-Canadian Insurance Company.

The Royal Assent

An act to incorporate St. Mary's River Bridge Company.

An act to amend the Public Service Superannuation Act.

An act to consolidate and amend acts relating to the Royal Architectural Institute of Canada.

An act respecting the Fredericton & Grand Lake Coal & Railway Company.

An act respecting Sharp & Dohme (Canada) Ltd.

An act to amend the Territorial Lands Act.

An act to implement the convention on damage caused by foreign aircraft to third parties on the surface.

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

END OF VOLUME III

R. C.